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Court Blocks Prosecution Of Cold War Spies in East

As Investors Grow Wary, Germans Run Out of Steam

By Brandon Mitchener
International Herald Tribune

FRANKFURT — With its strong currency, rising exports and a spending boom in the newly annexed east, Germany has relished its role for the past year as the locomotive of Europe's economic recovery.

But now, Germany's own recovery appears to be slipping, buffeted by fickle currency markets and held back by wary consumers just as it seemed to be gathering momentum.

Increasingly, investors are deciding that Germany is too expensive a place to do business. Unemployment has again begun edging upward, and worry is spreading that the country, distracted by good times, has failed to knock down and undertake structural reforms.

The economic recovery that began last year may still be under way, but there is now no clear consensus how fast the upswing is proceeding or how long it will last. The situation is exacerbated by what Otmar Issing, a member of the Bundesbank's directorate, called "statistical chaos."

What disturbs economists more than this temporary confusion, however, is that Germany is making little progress on domestic structural changes that it needs to reduce unemployment and regain competitive over the long term.

"We're not doing everything right," said Mr. Issing, the central bank's chief economist. "The limiting factor is the labor market."

Mr. Issing said that the labor market is still too rigid, with too many people in the public sector and too few in the private sector.

"Last year, it seemed that wage negotiations had returned to reason, but this year's raises, which don't do anything to help job creation, together with the currency situation, will eventually weigh on German business," he said.

Recent statistics, increasingly complicated by the integration of the former West German and East German economies, tell a tale of economic rearmament.

• The Organization for Economic Cooperation and Development this week cut its 1996 economic forecast for Germany's gross domestic product to 2.7 percent, from 3.5 percent.

The European Commission recently

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Conservatives In West Protest Amnesty Move

By Rick Atkinson
Washington Post Service

BERLIN — In a landmark decision, Germany's Constitutional Court ruled Tuesday that former East German spymasters cannot be prosecuted for conducting Cold War espionage against the West.

The 5-to-3 ruling effectively grants a blanket amnesty to men like Markus Wolf, the legendary chief of East Germany's foreign intelligence service who had been sentenced to six years in prison for treason against Germany.

Dozens and possibly hundreds of other former East Germans will no longer face prosecution or will have guilty verdicts voided by the ruling, political and legal observers predicted. The decision provoked angry protests from conservative West Germans unwilling to let Cold War bygones be bygones, as well as from former East German dissidents convinced that the Communists who once ran a police state are eluding justice.

"The victims are being insulted and the criminals amnestied," Stephan Hilsberg, a one-time dissident who is now a member of Parliament, said in a statement. "The results of the 1989 pro-democracy 'revolution' are being betrayed."

The issue of whether citizens of a sovereign East Germany can legitimately be convicted of betraying another country — West Germany — has been one of the most divisive legal squabbles since German unification in 1990.

In ruling that East German spy chiefs were fairly operating under the laws of their nation at the time, the German court drew a distinction between senior intelligence officials based in East Germany and their cloak-and-dagger minions operating clandestinely in the West.

"Citizens of the former East Germany, who before restoration of German unity spied for the secret services of their state exclusively from the territory of East Germany, may no longer be prosecuted after reunification because of their espionage," the court decided in the 81-page ruling.

But the justices also urged mercy for East German spies caught in the West. "Special mitigating circumstances, including possible cessation of proceedings against them, should be considered when determining legal consequences for those East German citizens who did this on West German territory," the court said.

West Germans who committed treason by spying for the East remain culpable, as are East Germans who committed other crimes, such as murder or extortion, in the course of their espionage activities, the court added.

The decision focused specifically on the case of Mr. Wolf's successor as East German spy chief, Werner Grossmann, and four of his underlings. But the ramifications appear to touch virtually all aspects of the once-vast East German spy apparatus.

A spokeswoman for the Berlin Justice

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Alain Juppé wiping his brow Tuesday during his inaugural address to Parliament, in which he outlined an economic plan.

Whiff of Old Soviet Ways in the Kremlin

Russia's New Elite Pursues Perks in Eerily Familiar Fashion

By Alessandra Stanley
New York Times Service

MOSCOW — When Leonid I. Brezhnev was alive and ailing, the Soviet leader entrusted his health and astrological fate to a well-known psychic healer. In the increasingly superstitious Kremlin of President Boris N. Yeltsin of Russia, that role is filled by a high-ranking officer of the widely feared presidential security service, who is said to monitor the health and horoscopes of the president.

There are increasing signs here of a return to Soviet-style governance, and most have to do with fear and favor. Presidential advisers in the Kremlin conduct

sensitive conversations on scraps of paper, which they quickly burn, fearful that their offices are bugged. But the perks and privileges, the apartments, cars, dachas and special services that once sustained the Soviet elite are back, too.

Even in these days of fiscal constraint and budget cutbacks, members of the new nomenclatura — many of whom moved there seamlessly from the old Communist Party elite — are not just reclaiming their old privileges, they are creating new ones.

Mr. Yeltsin, who began his climb to power railing against the privileges and intrigues of Mikhail S. Gorbachev's Kremlin, now presides over a power structure at

least as secretive and corrupt as any predecessor in the post-Stalinist era.

The fear that Russia is reverting to its totalitarian roots is stronger than ever.

"The regime did not succeed in getting rid of Soviet habits and the Soviet way of life," said Sergei Parkhomenko, an investigative reporter for the newspaper Segodnya. "They did try, two and three years ago, there was an effort to rip it all up by the roots. But it didn't work, and those roots only went deeper."

Mr. Parkhomenko can testify that fear is back. He wrote a two-part series entitled "Merlin's Tower" about the new power

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Juppé Vows A Quick Rise In France's Lowest Wage

New Prime Minister Rattles Markets With His Economic Proposals

By Joseph Fitchett
International Herald Tribune

PARIS — Pledging to get France moving under its new conservative rulers, Prime Minister Alain Juppé told Parliament on Tuesday that his government had declared war on unemployment and intended to make quick headway in easing France's joblessness, running above 12 percent, one of the highest rates in Europe.

His speech rattled the French markets. The franc lost nearly two centimes against the mark, recovering to trade at 3.5505. The bond market also fell and the Paris bourse CAC-40 index lost 0.72 percent to 1,965.31.

In his inaugural speech before Parliament, Mr. Juppé outlined a package of measures to spur growth matched with benefits for the jobless and the working poor, including financial incentives for employers to create jobs, an immediate jump in the minimum wage and more low-cost housing.

The package left unanswered questions about its possible inflationary impact and how the government planned to finance the measures. Mr. Juppé has floated the idea of temporarily raising the value-added tax on consumer goods from 18.6 percent to 20 percent.

As an immediate step, Mr. Juppé said that "the minimum wage will be increased by a significant percentage from July 1," an increase that he indicated could amount to 5 percent more than the current legal minimum of 6,000 francs.

The previous conservative government of France sought to lower the minimum wage selectively to eliminate what it said was a barrier to hiring untrained young people. The idea met so much resistance that it was dropped.

In contrast, Mr. Juppé said Tuesday that workers had been "made to feel guilty about wage and manning levels, as if a wage freeze were the only serious economic policy" — a reference to the austerity policies pursued by recent French governments.

President Jacques Chirac campaigned on the theme that unemployment had become the key problem sapping France's economy and self-confidence and the idea that the problem could be eased by boosting consumer spending.

He has argued that French companies should put more of their increased earnings into wages and that jobless benefits should be funneled into subsidized jobs — ideas embodied in Mr. Juppé's speech on Tuesday.

"My plan is contained in a single word: jobs," Mr. Juppé said, describing his government as the first to give top priority to the problem. On Monday, Mr. Chirac appeared unannounced at a meeting of regional officials to tell them that their performance would be judged by their ability

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AGENDA

Yeltsin Vetoes Election Legislation

MOSCOW (WP) — President Boris N. Yeltsin vetoed election legislation Tuesday that is needed for Russian parliamentary elections to take place as planned next December, a move that some here suggested might force a delay in the nationwide vote.

Aides to Mr. Yeltsin said the president had vetoed the law because it would have given too much representation to candidates elected on national party slates and not enough to those selected in local districts.

The law, overwhelmingly approved by the lower house of Parliament, or Duma, earlier this month, would have had half of the Duma's 450 seats elected through the national party slates and half elected in local constituencies.

This was the system used in December 1993, when Russia held its first post-Soviet elections.

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CLOSING A CHAPTER — Families of people killed in the Oklahoma City bombing watching the federal building being demolished Tuesday. Page 3.

China Warns of 'Severe Damage' To Ties if U.S. Allows Taiwan Visit

By Patrick E. Tyler
New York Times Service

BEIJING — China summoned Ambassador J. Stapleton Roy on Tuesday and demanded that the United States reverse its decision to allow President Lee Teng-hui of Taiwan to visit the United States next month.

A Western diplomat here said that Mr. Roy sought to allay Chinese concerns about the visit by telling Foreign Minister Qian Qichen that the Taiwan leader's stay would be clearly billed as a private, unofficial visit to a class reunion at Cornell University.

Mr. Roy was said to have made clear that the decision to allow the visit was final.

No Taiwan leader has visited the United States since Washington and Beijing established diplomatic relations in 1979. Their

agreement downgraded Taiwan's diplomatic status and urged Taiwan and mainland China to begin negotiating eventual reunification.

After a tense morning meeting between Mr. Roy and the foreign minister, the Chinese issued a long denunciation of Mr. Roy's visit.

Visit from Taiwan gives slide in U.S.-China relations a push. Page 4.

Clinton's decision, which reverses the finding of a policy review last summer that upheld State Department policy not to allow even private visits by Taiwan presidents.

"If the United States clings to its erroneous decision on the basis of miscalculation of the situation, it will inevitably cause severe damage to Sino-U.S. relations," a

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In 'Rationalizing Work Force,' Cuba Reneges on Jobs for All

By Douglas Farah
Washington Post Service

HAVANA — For decades, Gerardo worked as a skilled mechanic and driver, repairing trucks and driving produce around Cuba. These days, he offers to guard people's cars in a shady spot by his house for a few pennies a day.

"I know how to do things, things that I love," he said, looking at his hefty hands. "I just have no work anymore. I do the best I can, but I am wasting my mind. That is what bothers me most."

In coming months, there will be thousands more like Gerardo, who was laid off recently from a state company, Cuba, undergoing painful economic change since the 1989 collapse of the Soviet bloc and the

accompanying loss of its subsidies, is embarking on one of the most difficult adjustments since the revolution triumphed in 1959: It is backing off the cherished guarantee of full employment.

For state enterprises to become efficient, according to senior Cuban officials, 600,000 to 800,000 people out of a total work force of 3.2 million will be laid off in coming months.

For years, bloated, inefficient but all-embracing state enterprises have drained billions of pesos from the economy, a process that cannot be sustained now, Cuban leaders say.

In addition, many factories and other parts of the economy have closed or cut back because of a lack of fuel, electricity or spare parts.

Here, the result is called "rationalizing the work force," not layoffs, and leaders have held meetings

across the country to explain that the process will be gradual. They promise that those laid off will receive 60 percent of their pay for several months, depending on how long they have worked.

The only state spending increase this year was in social services, up about 50 percent to pay for jobless compensation.

"There will be a process of laying off workers, but not in the manner of other countries," Ricardo Alarcon, president of the National Assembly, said in an interview. "It will come after months of discussions with people, so they know it will happen."

"It is not shock therapy," he added.

In addition to causing anxiety, the move toward efficiency is forcing difficult choices on President Fidel Castro, who already has carried out moves

toward freer markets that were unthinkable just a few years ago.

Already, faced with the collapse of its traditional markets in the Eastern bloc and a crippling U.S. trade embargo, Cuba in the last two years has opened to foreign investment, allowed the free circulation of dollars brought in through tourism, authorized limited forms of self-employment and freed farmers to sell produce at market prices to ease food shortages.

Now, to absorb the excess work force, the state will have to expand the categories of self-employment that it began allowing two years ago. But such an expansion, officials acknowledge, will undercut the Communist Party's political hold and risk creating a wealthy class in a revolutionary society that has taken pride in

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| Dow Jones | | Trib Index | |
|-----------------|---------------|----------------|------------|
| Up | 40.81 | Up | 0.49% |
| 4436.44 | | 120.30 | |
| The Dollar | | Previous Close | |
| New York | 1.4441 | 1.4407 | |
| DM | 1.4441 | 1.4407 | |
| Pound | 1.5705 | 1.574 | |
| Yen | 87.175 | 87.345 | |
| FF | 6.1315 | 6.111 | |
| Newstand Prices | | | |
| Andorra | 9.00 FF | Luxembourg | 50 L |
| Antilles | 11.20 FF | Morocco | 13 Dh |
| Cameroon | 1.400 CFA | Qatar | 8.00 Rials |
| Egypt | 1.5000 Pounds | Reunion | 11.20 FF |
| France | 9.00 FF | Saudi Arabia | 9.00 R |
| Gabon | 960 CFA | Senegal | 225 PTAS |
| Greece | 350 Dr. | Spain | 1.250 Ptas |
| Italy | 2,500 Lira | Tunisia | 1.45,000 |
| Ivory Coast | 1.180 CFA | Turkey | 1.45,000 |
| Jordan | 1 JD | U.A.E. | 8.50 Dirh |
| Lebanon | 1.50 U.S. \$ | M.H. (Eur.) | 51.10 |

Mystery in Zaire/The Source of a Fearful Scourge

Ebola Leaving Superstition and Death in Its Wake

By Jonathan C. Randal
Washington Post Service

KIKWIT, Zaire—Civil servants and market stall owners here and farmers in the city's outlying areas are all convinced that Dr. Dan Foutain is responsible for the Ebola virus that has killed more than 100 people here and will probably kill more.

Dr. Foutain seems an odd person to blame for the outbreak. He is a 35-year-old American Baptist missionary who for decades worked in Vanga, about 50 miles (80 kilometers) from here, and wrote medical books for Zairian health officials.

But residents of this city said Dr. Foutain was also a witch doctor who sometimes transformed himself into a hippopotamus. They said he deliberately poisoned doctors and medical staff here after delivering a lecture to them on AIDS.

Why he might have done such a thing is a mystery even to the people who said he did so. But with some of the world's best virologists working here to determine how this outbreak began, the people of Kikwit are not the only ones who are mystified. They have simply fallen back on witchcraft to explain their plight.

The virus, named after a river in northern Zaire, normally kills monkeys and other animals but sometimes jumps to humans. It induces a form of hemorrhagic fever, causing death by uncontrollable bleeding from the eyes, ears and even the skin.

Why it has suddenly appeared here is as unclear as the source behind a 1976 outbreak that killed 211 people in the village of Yambuku in northern Zaire.

The authorities in Kinshasa set up two information centers in the city on Monday so residents could check out rumors spawned by the outbreak. Agence France-Press reported from the capital. The so-called rumor centers were installed at the town hall and at the city's largest hospital.

[Although no case of Ebola has been reported in Kinshasa, rumors that the disease has spread there have been swirling for 10 days.]

The virologists in Kikwit theorize that insects, animals, birds or even plants may be responsible for transmitting the disease. But they readily confess that they do not know.

What they do know is that this outbreak was potentially more serious than the one in 1976 because Yambuku was a small village. About half a million people live in Kikwit.

WHEN the virus first struck here, local doctors thought they were contending with an outbreak of "bloody" or "red diarrhea," which had killed hundreds of people as it moved north from Angola.

But the director of Kikwit's hospital, Dr. Mungala Kipasi, could not understand why any strain of diarrhea was killing so many people and why it was resistant to antibiotics. When Dr. Jean-Jacques Muyembe, a renowned virologist at Kinshasa University, was called to Kikwit on May 1 by stunned doctors, he had a hunch that Ebola was involved.

As a young doctor he had helped fight the virus in Yambuku, and he became so famous in Zaire that people in Kikwit were sure that the outbreak would subside when he arrived. He knew better.

When laboratory tests showed that some patients were free of shigella, bacteria that cause dysentery and are a sure sign of red diarrhea, he sounded the Ebola alarm even before receiving confirmation from Belgium's Tropical Medicine Institute in Antwerp or the Centers for Disease Control in Atlanta.

From then on, Dr. Muyembe as well as Dr. David Heymann, another Yambuku veteran now on loan from the Centers for Disease Control to the World Health Organization, and specialists from France, South Africa, Sweden and the United States were playing catch up. They feared that the virus might have erupted as early as December.



Red Cross workers putting on protective clothing before leaving the hospital in Kikwit to pick up possible victims of the virus.

And this time the virus was loose in a crowded, bustling city. In addition, it was spreading to other areas of Bandundu province as its victims sought to escape the hospital where the first victims died.

No one has identified the first human carrier of the virus, but the first person he or she infected was a 36-year-old hospital laboratory assistant named Kimfungu.

Operated on twice, he died on May 14, a week and a half after coming down with a fever and splotchy red and blue eruptions on his skin. He was the first of dozens of Zairian and foreign nurses, nursing sisters, doctors and other medical workers to die.

As of Monday, the virus had killed 101 of the 123 people who had contracted it so far. With a 21-day incubation period, the virus is not likely to vanish easily, Dr. Muyembe said.

In fact there is little Dr. Muyembe or anyone else can do except wait and count on information teams to preach elementary hygiene to the population.

WHO officials agreed with his advice and over the weekend persuaded the Zairian authorities to lift the roadblocks holding back some 3,000 people at the border of Bandundu province, some 80 miles east of Kinshasa.

Dr. Muyembe argued that such barriers were rarely effective because the Ebola virus is contagious only when it actually affects its victims, and then they are too ill to move far. But the disease has already changed life in Kikwit. People here no longer follow a standard burial practice.

"To our traditions," said Dr. Roger Ndambi, "we accompany the dead to burial and manipulate and wash the bodies. But now people are afraid to do so and are leaving the dead outside their homes and informing neighborhood health authorities."

RED CROSS teams and local medical students are combing the city and the outlying hush with battery-powered megaphones to explain basic health precautions.

They begin work at 5 A.M. to catch farmers before they disappear into the nearby rain forest to cultivate subsistence crops. Such tactics are necessary because there is no working radio or television to get the word out and Kikwit has electric power for only two hours a day, right after dark.

In the last week, international aid has provided health workers with rubber boots and gloves, goggles, surgical masks and full length smocks.

But even so protected, they are worried. Biba Kakwata drives a road maintenance truck that has been pressed into service as an ambulance. He loads and unloads cadavers or hoists the afflicted into the truck; there are few stretchers, and the sick are moved in chairs.

"I was afraid at the start, but death is for everyone," he said, regretting only that Kikwit residents now cover their mouths when he drives by and that he has not been paid for six months. "Maybe the committee" in charge of fighting the virus "will think about us," he said.

Not far from pavilion three, the blue building at the hospital where Ebola victims are isolated, Cesarine Mbumba, the chief emergency ward nurse, told visitors she had panicked when the virus started killing nurses and doctors all around her and the sick were too scared to come to the hospital.

WEARING two sets of rubber gloves, a full length smock, goggles, a mask and rubber boots, she said that of 36 emergency ward employees before the outbreak, only 10 were still working.

"Six are dead or ill, and the rest scammed," she said. Why had she stayed? "I was troubled," she replied. "My conscience would not let me run out on the patients. I had to stay to help them."

Standing next to her, Lieutenant Colonel René Kimuki shuffled around in a full panoply of protective clothing. As the regional military physician, he was as matter of fact as any other army doctor in any other army.

"Here we do the triage," he said. "Those with clinical signs of Ebola are sent off for isolation to pavilion three," where plastic tape now encloses the veranda to prevent patients from wandering away at night and sleeping in other wards.

Suspected cases are kept for 24 to 48 hours in an observation ward, he said. "Sure people are afraid to come to the hospital," he said, "especially those who are ill with malaria or diseases other than Ebola."

Zaire is a poor country, and its public hospitals lack not only stretchers but also medicine and almost any kind of sophisticated equipment. Kikwit's hospital has only one functioning vehicle.

Infant mortality in Zaire is 10 times higher than in the United States, with babies, and others, dying of malaria, diarrhea, measles,

sleeping sickness and other diseases that regularly take a far larger toll than Ebola has so far.

Dr. Muyembe says that some in the West have fastened onto the Ebola outbreak to indulge their fantasies about tropical Africa's role in propagating incurable diseases, starting with AIDS.

His colleague, Dr. Kipasi, the director of the Kikwit hospital, said: "I cannot even take a taxi. People prevent me because they are afraid of me and all the medical staff who were the first victims of the disease."

But he and Dr. Muyembe are not too bothered by all the publicity, although they think it exaggerated.

"The Ebola danger is real even if we know the infection cannot enter Europe in any big way," Dr. Kipasi said, "because with radio and television, a public health campaign there would rapidly bring it under control."

He added: "But we prefer the excessive publicity to remaining silent. And I hope we get outside financial help. I never have a budget at Kinshasa University and funds are necessary to keep up surveillance and maintain hospital standards. We need money for measles, for malaria, for everything, not just for Ebola."

BUT even with money, nothing can be done to repair the virus's toll.

The Misi Mumbu family, which once counted nine adults, now is reduced to two young women and 16 young orphans. A granddaughter was the first to succumb, after giving birth by Caesarean section. Dr. Heymann and a Zairian medical student went to visit the family in Casamba on Kikwit's southern outskirts.

Their hoped to persuade the women to provide a blood sample to help better understand the chain of contagion, not just through the stricken family, but for the outbreak at large, as well.

The women listened, but they refused. Instead, they ticked off every member of the family—and a neighbor who had helped care for the victims—ending up with the grandfather who had died only last Saturday. "Af-waka," the women said in Kikongo after each name. The word means "dead."

They will not be the last to be buried in the cemetery with rudimentary crosses decorated with the deceased's favorite pots and cooking utensils.

Dr. Kipasi, the hospital director, said, "We haven't even reached a plateau."

Arabs Keep Up Pressure on Israel

They Call for Land Takeovers In Jerusalem to Be Canceled

By Clyde Haberman
New York Times Service

JERUSALEM—Buoyed by Israel's retreat on a major issue affecting Jerusalem, Arab leaders demanded Tuesday that the Israelis not merely suspend any confiscation of land in Palestinian neighborhoods but cancel it outright.

Calls for further Israeli action came from senior officials in Arab nations and among the Palestinians, including Yasser Arafat, chairman of the Palestine Liberation Organization.

The confiscation plan has stirred international protests for weeks, and it threatened for awhile to bring down the government and, perhaps with it, the Middle East peace talks.

There was no sign that Israel was about to comply with the Arab demands. Its decision for now, made suddenly at a special cabinet meeting on Monday, is just to freeze the intended seizure of 134 acres in Palestinian areas for study.

But Israeli officials acknowledged that there is almost no way now for them to press ahead with the expropriation, and so it effectively seems dead.

As such, their about-face to avoid a possible government collapse was generally viewed as an unusual Arab victory in the endless battle for control over Jerusalem, claimed by both Israelis and Palestinians as their capital.

Officials said that, as far as they knew, it was the first time since Israel gained authority over the entire city in 1967 that it had announced a land expropriation and then backed away. Relentless building has been almost an article of faith for most Israelis, both to assert their primacy and to maintain demographic edge that Jews have over Arabs in Jerusalem. The

government reversal was therefore seen by many as a defeat. "The big winners are the Arabs," the newspaper Ma'ariv said.

Still, the victory may prove to be shortlived. Israel may have stopped its land-development and housing plans on these 134 acres, in the Beit Safafa and Beit Hanina areas, but officials insisted that they would continue to build in other sections captured by Israel in 1967.

Housing Minister Binyamin Ben-Eliezer said he hoped before long to construct some 6,500 new apartments in Har Homa, a new Jewish neighborhood that is supposed to rise on wooded hillsides in the city's southeast, alongside the Arab areas of Umm Tuba and Sur Bahir. That land, about 460 acres, was expropriated in 1991, mostly from Jews who had acquired property there over the years.

"We are continuing to build in Jerusalem," Trade Minister Micha Harish said. "We are continuing to expand Jewish settlement in Jerusalem."

Whatever the future of land disputes, the decision to back off seems to have eased a crisis that was threatening to get out of hand.

Arab nations called off a summit meeting they had scheduled for Saturday in Morocco to consider anti-Israel action, and Israel and the PLO affirmed their commitment to reach an agreement on expanding Palestinian self-rule by July.

Visiting Jerusalem, Osama Baz, an adviser to President Hosni Mubarak of Egypt, said the Israeli turnaround had produced "an atmosphere which is suitable to achieve tangible progress."

On Israel's domestic front, however, the atmosphere was anything but cordial.

TRAVEL UPDATE

KLM Pilots Vote to Strike Tuesday

AMSTERDAM (Reuters)—Pilots at KLM Royal Dutch Airlines have voted overwhelmingly for an eight-hour partial strike Tuesday, the VNU commercial pilots union said.

The strike over pay and conditions will ground all KLM flights at Schiphol Airport near Amsterdam, the union said.

Airlines analysts said a strike, the first at KLM since 1958, would severely hurt the airline's reputation and seriously disrupt timetables. A KLM spokeswoman declined to comment on the vote, saying the airline was waiting for an official statement from the union.

Flights will begin selling alcohol other than beer on internal flights on June 1. The move by the national airline follows a partial relaxation of strict alcohol laws that followed the country's entrance this year into the European Union. (Reuters)

Israel sweltered in record heat Tuesday for a second day. The heat was caused by a desert wind known as *sharav* in Hebrew and *hamam* in Arabic, a government meteorologist said. (AP)

Iran has inaugurated service by a shipping line of three cargo and one passenger vessels between its Caspian port of Bandar Anzali and the Russian Volga port of Astrakhan, the official Iranian press agency, IRNA, reported. (Reuters)

Coat Hanger and Brandy Used in Midair Operation

Compiled by Our Staff From Dispatches

LONDON—Two doctors used a coat hanger and brandy to operate on a woman who fell ill with a collapsed lung on a flight from Hong Kong to London, a British Airways spokesman said.

The midair drama took place at 10,000 meters (33,000 feet) on board a British Airways Boeing 747 after Paula Dixon, a passenger, complained of pains in her arm, prompting the pilot to ask if there was a doctor on board.

Two doctors stepped forward and ascertained that the 39-year-old woman from Aberdeen, Scotland, had fractured from two to four ribs and that her lung had collapsed.

Using makeshift instruments as well as the plane's first-aid kit, they then carried out emergency surgery in Mrs. Dixon's seat. They used brandy as a disinfectant.

Dr. Angus Wallace and Dr. Tom Wong slipped a coat hanger inside a catheter to help them push it through an incision in her chest.

"We gave her a little bit of local anesthetic in the skin on her chest. She was conscious during the whole procedure," Dr. Wallace said.

The incident followed a motorcycle crash Mrs. Dixon had had on her way to the airport in Hong Kong on Saturday. She was recovering Tuesday in a London hospital. (AFP, AP)

Swiss Quarantine Woman Feared to Have the Virus

ZURICH—A Swiss woman who returned from Zaire last week has been put under hospital quarantine on suspicion of having the deadly Ebola virus, Swiss health officials said Tuesday.

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The unidentified woman was under observation after running a high fever, but it may take several days to determine whether she has the disease, the Federal Health Agency said.

If confirmed, it would be the first Ebola case to spread outside Bandundu Province, Zaire, from the current epidemic centered in Kikwit, where at least 101 people have died.

"She was staying in the region of Zaire afflicted by the epidemic until the middle of last week," an agency statement said about the woman.

"Shortly after her return to Switzerland she developed a fever, whereupon she was admitted to the Inselspital hospital in

Bern for observation," the agency added.

It said the first phase of the Ebola disease showed the same symptoms as other feverish illnesses. About 1 percent of Swiss visitors to the tropics catch some kind of fever, it added.

An agency spokesman said the woman flew back to Zurich last week from Zaire's capital, Kinshasa, on a Swissair flight.

The Swiss airline's cabin crews have been ordered to watch for Ebola symptoms among passengers from Zaire. A Swissair spokesman could not immediately say whether other passengers on the woman's flight had been notified about her possible infection.

"People infected with the Ebola virus can only transmit the disease when the illness becomes severe and they suffer from bleeding," the health agency said. "That is not the case with the woman in question."

Doctors fighting the Ebola virus in the town that has borne the brunt of the epidemic are watching for a surge in cases among Kikwit's half million people.

But as they find new victims and prepare to deal with any further increase, shortages of masks, gloves and other protective gear are proving a worry.

Medical workers have been searching the sprawling town of Kikwit and outlying villages,

500 kilometers from Kinshasa, for Ebola victims.

"The team is still finding new cases all over Kikwit," said the director of Kikwit General Hospital, Dr. Kipasi Mungala.

"We have to wait for the next few days to see whether people have changed their behavior and the cases will decrease."

David Heymann, an American doctor with the World Health Organization, said foreign experts expected a clearer picture over the next few days of the scale of the problem.

The latest death toll from the WHO, which is tracking the disease from Geneva, dates from Sunday. It showed 101 of 137 confirmed victims had died—up from 97 deaths by Saturday.

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THE AMERICAS

AGE 5
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Reprieve for Legislators: The Term-Limit Threat Fizzles

By Katharine Q. Seelye
New York Times Service

WASHINGTON — It was liberation day for the U.S. Congress.

By nullifying term limits imposed by states, the Supreme Court on Monday in effect handed each member of Congress a "get out of jail free" card. If the court had upheld state-imposed term limits, 72 House members from seven states could not have run for re-election after next year. Now, for the time being anyway, they can all run more or less forever.

But they still must face the larger political truth that Americans overwhelmingly support term limits, and the Republicans among them face the corollary reality that their leaders have made term limits a major policy commitment.

Many members of Congress are eventually going to have to reconcile their own desire to stay in Washington with the reality that despite last year's watershed election, voters loathe careerism in politics.

Bowing to that need, and recognizing that euphoria over the decision could appear unseemly, many in Congress have affirmed their support

for term limits and praised the court for at least stating clearly that a constitutional amendment is the only practical route to enacting them.

But the House has already managed to shoot down four different amendment proposals. A constitutional amendment needs 290 votes to pass; the most popular proposal got only 227 votes. So the prospects seem pretty good that Congress will not pass an amendment in the foreseeable future.

"I don't think there's any way to get two-thirds of the people in this place who are willing to say good-bye to their jobs," said Senator Daniel R. Coats, Republican of Indiana.

Most Republican presidential candidates support term limits, even if Republican leaders in Congress have not been gung-ho advocates. With President Bill Clinton and most Democrats opposed to the idea, term limits are bound to become a contentious, if not defining, issue in the 1996 campaigns.

The general strategy of term-limits supporters is to work to elect enough new members of Congress to allow the eventual passage of term limits, but that could take a very long time.

Representative Bill McCollum, Republican of Florida, who sponsored the main term-limits

proposal in March, said the Supreme Court decision might change only three or four votes, not anywhere near the additional 63 needed to pass a constitutional amendment.

Mr. McCollum had called for House members to be limited to 12 years; the principal rival bill proposed limiting members to six years. This difference drove a wedge among supporters, with opponents suggesting that the alternatives were part of a deliberate strategy to split the proponents into factions so that no bill could pass.

On the March night that the House defeated term limits, the speaker, Newt Gingrich, promised that the first act of the next Congress would be to bring up term limits. That will not be until January 1997. Moreover, the Georgia Republican did not indicate whether he would allow more than one term-limits proposal to be voted on.

In the Senate, the majority leader, Bob Dole, promised term-limits advocates that he would allow a vote by the August recess, and in a statement, the Kansas Republican said he remained committed to a vote "in the months ahead."

In any case, no one is under any illusion that

the Senate will enact term limits, particularly now that the House has killed the issue for this year.

Not everyone sees a future for term limits. Calling them ill-considered, the previous House speaker, Thomas S. Foley, declared, "Term limits is dead."

But the Washington Democrat, who is now out of office, added that proponents would not give up easily.

"They'll spend a lot of money, they have great private resources and they'll try to make it a political issue in the next campaign," he said. "I think it's against the interests of voters of both parties."

In an April poll by The New York Times and CBS News, 66 percent of those surveyed supported term limits. By nearly 2 to 1, they favored six-year limits over 12-year limits.

But what are voters to make of someone like Mr. McCollum, who advocates term limits but will not set a limit on his tenure now that the Supreme Court has knocked down term limits set by his home state, Florida?

The current system rewards seniority, he said, and until everyone is limited, he will not limit himself.



The bomb-damaged building collapsing Tuesday in Oklahoma City. Thousands watched the demolition.

Building Where 167 Died Is Now Rubble

By John Killea
New York Times Service

OKLAHOMA CITY — The remains of the Alfred P. Murrah Federal Building, hulking over this quiet city like a gaping, ugly wound for a month, came tumbling down Tuesday in a final roar of dynamite.

Thousands of people, including some who lost friends or relatives when a rental truck packed with 4,000 pounds of explosives ripped through the building on April 19 and causing the deaths of 167 people, gathered in solemn silence on neighboring streets and atop nearby buildings to watch the demolition.

Many shuddered, winced or cried as 150 pounds of dynamite in 300 charges were touched off at 7:01 on a gray, overcast, windy morning.

It took only seconds, enough to see the open floors of the nine-story building sag for a moment, then collapse. An upright section containing the stairwell hesitated, then slowly toppled, folding itself neatly on top of the wreckage. Then

there was only a gray cloud and a pile of rubble 17 feet (5 meters) high.

"I came here to say goodbye," Priscilla Salyers, a Customs Service worker who was trapped for four hours in the wreckage, said before breaking into tears. "When I heard the explosion, it brought it all back. That's just what it sounded like. That's what I remember."

Jannie Coverdale, whose two grandchildren died in the second-floor daycare center, which took the brunt of the truck bomb, covered her face with her hands and turned away as the blast went off.

"At least I won't have to look at the building now," she said. The site may eventually become a memorial park; the government's General Services Administration has not yet decided what to do.

Officials here have been saying for days that the implosion of the building — necessary because the wreckage was too shaky for rescue work, including the retrieval of at least two bodies — represented a chance for "closure."

But it will be a long time before the

sadness, fear and bitterness goes away.

"At least that eyesore, that symbol of agony, is no longer there," said Oklahoma's governor, Frank Keating.

■ 'Not an iota of Evidence'

So far, two men, Timothy McVeigh and Terry Nichols, have been charged in the bombing. On Tuesday, Mr. Nichols's brother, James, was released despite a prosecutor's suggestion that he was involved in the deadly attack. The Associated Press reported.

"There is not an iota of evidence that he is a danger to others," Judge Paul Borman of U.S. District Court in Detroit ruled Monday, and he ordered Mr. Nichols freed. Mr. Nichols had been held since two days after the bombing on charges of making small explosives at his Michigan farm.

Judge Borman told Mr. Nichols to limit his travel to certain counties between Detroit and his hometown, Dearborn, and wear an electronic monitoring device at certain times. Mr. Nichols was also barred from getting a passport.

Evidence Puts Blood Of Simpson at Scene

Another DNA Test Described

The Associated Press

LOS ANGELES — Yet another DNA test links O.J. Simpson to blood at the scene of the murder of Nicole Brown Simpson, at Mr. Simpson's estate and in his Ford Bronco vehicle, a prosecution scientist testified Tuesday.

Mr. Simpson's DNA is consistent with that in a blood drop found closest to the bodies outside Mrs. Simpson's condominium, two blood drops from the condo walkway and a drop taken from the driveway at Mr. Simpson's estate, said Renee Montgomery, a criminalist with the state Department of Justice.

All three samples of scrapings taken from under Mrs. Simpson's fingernails were consistent with her DNA, she said, and three stains she tested from a gate at the murder scene were consistent with Mr. Simpson's DNA.

The defense says Mr. Simpson was the victim of a conspiracy or of sloppy evidence collection by the Los Angeles Police Department. They say the blood under Mrs. Simpson's fingernails was that of a mysterious killer.

■ Report Tied to Conspiracy
The Los Angeles Times reported earlier.

Lawyers for Mr. Simpson are investigating the intricacies of DNA testing and laying the groundwork for a novel aspect of their police conspiracy theory, eliciting testimony about when certain DNA tests were performed in an effort to link a local television station to what they suggest was a police plot.

On Sept. 21, KNBC-TV media admitted the best-known media mistake of the double-murder case, erroneously reporting that DNA tests of Mr. Simpson's socks had shown the presence of Nicole Brown Simpson's blood. In fact, no such tests had yet been performed, and the socks were not submitted for DNA testing until Sept. 26.

Mr. Simpson's attorneys have made much of that mistake, suggesting that the story

was fed to the station by police sources who knew the DNA results in advance because those same people were involved in planting the evidence. But although the defense lawyers have discussed the subject in interviews, Monday marked the first time that the jury heard testimony about it.

"So on Sept. 21, 1994, you had no DNA results consistent with the DNA typings of Nicole Brown Simpson from that sock?" Barry Schick, a defense attorney, asked during his third day of cross-examining Gary Sims, a senior criminalist with the state Department of Justice who spent all last week on the witness stand.

"That's correct," Mr. Sims said.

Mr. Schick was not allowed to pursue that line of questioning, but he did press ahead on other aspects of the conspiracy theory, asking about the amount of DNA found in various bloodstains and pointing out that some of the samples collected weeks after the murders had more DNA than some of those collected on the day after the killings.

That, he suggested, was suspicious, because DNA generally degrades when left exposed to the elements. Mr. Simpson's attorneys have argued that the samples were planted, which they say explains their high DNA content.

Prosecutors dispute that contention, and a deputy district attorney denied the defense theories in front of the jury and elicited Mr. Sims's opinion that some elements of those theories struck him as "not really conceivable."

Asked a long hypothetical question about whether a vial of Mr. Simpson's blood could have been used to contaminate evidence, Mr. Sims said, "I don't see how that's possible."

The defense team has paid extra attention to the KNBC report because of the odd fact that its incorrect results were borne out by subsequent tests.

Clinton Plans a 'Counterbudget'

WASHINGTON — President Bill Clinton, who three months ago sent Congress a budget that would increase the federal deficit, now says he will respond to Republicans with a "counterbudget" that eliminates the deficit within 10 years.

Mr. Clinton's comments, made during a weekend radio interview with four New Hampshire reporters but not publicly released by the White House, follow statements by many of his senior advisers that setting a date for balancing the budget was arbitrary and would cause severe harm not only to people helped by government programs but perhaps also to the economy itself. Republican budget plans in both the House and Senate achieve balance at the end of seven years.

Senate Republicans continued Monday to demand that the White House and Democrats show how they would eliminate the deficit as they fended off a Democratic effort to restore a portion of proposed cuts in Medicare and Medicaid health spending in their plan.

"Any time we propose something that will get us there, the Democrats say it's not the right way," said the chairman of the Budget Committee, Pete V. Domenici of New Mexico. "Where's their way? Where is their balanced budget?"

Mr. Clinton made clear in the interview that he would wait for Republicans to embrace one budget before revealing the details of his plan. But he said he finds no problem with balancing the budget by a date certain.

"It can be done in seven years," he said. "The question is, What is the penalty and what are the trade-offs? I think it clearly can be done in less than 10 years." (W.P.)

Christians Criticize Partisanship

WASHINGTON — Saying that America is caught in a spiritual crisis worsened by overly politicized churches, members of a broadly ecumenical group of Christian leaders are releasing a statement calling for a verbal "cease-fire" and a search for common ground untainted by partisan ideology.

"Christian faith must not become another casualty of the culture wars," says the statement, which has been signed by more than 80 prominent mainline Protestant, evangelical, Orthodox and Roman Catholic leaders, including six Catholic bishops. "Inflamed rhetoric and name-calling is no substitute for real and prayerful dialogue between different constituencies with legitimate concerns and a gospel of love, which can bring people together."

"The Cry for Renewal: Let Other Voices Be Heard" was to be released Tuesday, a week after the conservative Christian Coalition unveiled its "Contract With the American Family."

The new statement, in the works for several months, does not respond to the coalition's document, which recommended that Congress restrict late-term abortions and pass a proposed Religious Equality Amendment that would permit some forms of school prayer, among other measures. But it contains pointed criticism aimed at religious conservatives.

"The almost total identification of the Religious Right with the new Republican majority in Washington is a dangerous liaison with political power," the statement says. It also faults religious liberals who have so closely identified with the Democratic Party as to forsake their "moral imagination."

Gingrich Boning Up on Dinosaurs

The speaker of the House, Newt Gingrich, is amassing quite a dinosaur collection. Just the other day, the man who once aspired to be a vertebrate paleontologist was presented with a 2-foot-long cast of a stegosaurus tail spike by a paleontology society in Colorado. It goes along with the cast of a Tyrannosaurus rex skull he has on loan from the Museum of Natural History and a T-rex tooth replica. (W.P.)

Quote / Unquote

Secretary of State Warren M. Christopher on Republican proposals for severe cuts in foreign aid: "We cannot support our nation's foreign policy on the cheap. We cannot protect our interests as the world's most powerful nation if we do not marshal the resources to stand by our commitments." (NYT)

Away From Politics

● The owners of the aged Maine Yankee nuclear power plant voted to repair its cracked steam generator tubes. The directors, who represent the 10 New England utilities that own the plant, approved a \$40 million plan to install sleeves into the Wisconsin plant's 17,000 tubes. (AP)

● An Atlas rocket lobbed a meteorological satellite into Earth orbit from Cape Canaveral, Florida, giving the United States a full complement of weather sentries in time for hurricane season. The Lockheed Martin Atlas roared from the launching pad and put the satellite into orbit about 30 minutes later, company officials said. (Reuters)

● Women with advanced ovarian cancer extended their survival rate by 50 percent by taking a new combination of chemotherapy agents, a study indicates. The study of nearly 400 women found that patients who received the new cancer drug taxol and the chemotherapy agent cisplatin survived an average of 37.5 months, compared with 24.4 months for women who received cisplatin and Cytosol. (Reuters)

● A parachutist was seriously injured when he tried to jump from the roof of the 76-story Columbia Seafirst Center in Seattle. (AP)

● The first Japanese national to be extradited to the United States for murder has been convicted of killing a Japanese fortune teller and her son in 1994. Raita Fukusaku, 29, was found guilty in Honolulu of second-degree murder. He faces life in prison with a chance of parole at his Aug. 21 sentencing. (AP)

● About half of all lung cancer cases diagnosed now are in people who have quit smoking — many of them decades ago, a Los Angeles doctor said. But that does not mean it is futile to kick the habit, said Dr. Gary Strauss, the author of the report. (AP)

● About \$60 million from the Exxon Valdez oil-spill settlement will be used to protect a vast tract of prime habitat for bear, salmon, bald eagles and other species on Alaska's Kodiak Island, the Interior Department said. (AP)

● The Pentagon announced a \$5 million program for research into ailments afflicting veterans of the Gulf War. (AP)

'Profligate' Butler Loses His Hold on Doris Duke's Fortune

By James C. McKinley Jr.
New York Times Service

NEW YORK — A Manhattan judge has ruled that the former butler to the late tobacco heiress, Doris Duke, had used her fortune to finance his own "profligate lifestyle" and as a result was unfit to be executor of the \$1.2 billion estate.

Surrogate Eve Preminger said that since Miss Duke died in 1993, the butler, Bernard Lafferty, had moved into her mansions and traveled around in her chauffeured Cadillac and her private Boeing 737 jet at estate expense.

Mr. Lafferty, whom Miss Duke wrote into her will as an executor less than a year before she died, also went on spending sprees, running up huge bills for antiques, clothes and jewelry.

The judge also removed the United States Trust Co. of New York as the co-executor of the estate, saying that the bank's executives should have reined in Mr. Lafferty's lavish spending. She sharply criticized the bankers for lending Mr. Lafferty more than \$825,000 at a time when he had no personal assets.

"No one could read this sorry record and conclude that the Duke estate has been provided with the loyal and honorable service that the law demands," Surrogate Preminger said.

The decision, which lawyers for Mr. Lafferty and the estate said would be appealed, came after months of bitter wrangling in Manhattan Surrogate Court over who will control what is destined to become one of the

largest charitable foundations in the country.

As an interim step, Surrogate Preminger appointed Alexander D. Forger, a prominent trust and estates lawyer, to oversee the estate, along with the Morgan Guaranty Trust Co.

If the ruling is upheld on appeal it will apparently deprive Mr. Lafferty of a \$5 million executor's fee and a lifetime income of \$500,000 a year.

The surrogate did not settle allegations from several people contesting the will that Mr. Lafferty and his lawyers coerced Miss Duke to make changes in her will while her mind was addled by drugs and old age.

Neither did she address allegations from a former nurse and one of the heiress' former physicians that Mr. Lafferty conspired with Miss Duke's other doctors to give her a drug overdose on the night she died in October 1993.

The decision throws the fu-

ture of the Duke fortune into uncertainty. Miss Duke's adopted daughter, Chandi Duke Heffner, had dropped her challenge to the will after reaching a \$65 million settlement with Mr. Lafferty, but that settlement's validity is now unclear.

When Miss Duke died at 80, she left the bulk of her estate to charity. She had signed her last will six months earlier while she was hospitalized in Los Angeles for malnutrition and dehydration.

The last will gave Mr. Lafferty, a barely literate man who says he is an alcoholic, enormous power over the newly created Doris Duke Charitable Foundation.

In her ruling, the surrogate noted Mr. Lafferty's drinking habits and said he had gone on drinking binges since his appointment. The estate has paid for his medical expenses when he has been hospitalized for drinking, she said.

Chen Sam, a spokeswoman for Mr. Lafferty, said Surrogate Preminger was "a little bit unfair to Bernard," especially about his drinking problems and his lack of education.

"I know a lot of people who have never been to school who are millionaires," she said.

"And the fact that he has had a substance-abuse problem, I mean, everyone has a substance-abuse problem."

Surrogate Preminger saved some of her harshest language for the bank. She said senior bank officials were aware that Mr. Lafferty was mispending estate money and sought to appease him rather than to stop him.

"If ever there was a need for a corporate fiduciary to rein in the excesses of an unsophisticated and unknowledgeable individual co-fiduciary, it exists in this estate," she wrote. "U.S.

Trust has failed to discharge this duty to the estate and the charitable beneficiaries."

Allison Cooke Kellogg, a spokeswoman for United States Trust, denied the bank had mishandled the estate.

"We believe our administration of the Duke estate was in all respects proper and in keeping with Miss Duke's wishes," she said. "We are seriously considering appealing this decision."

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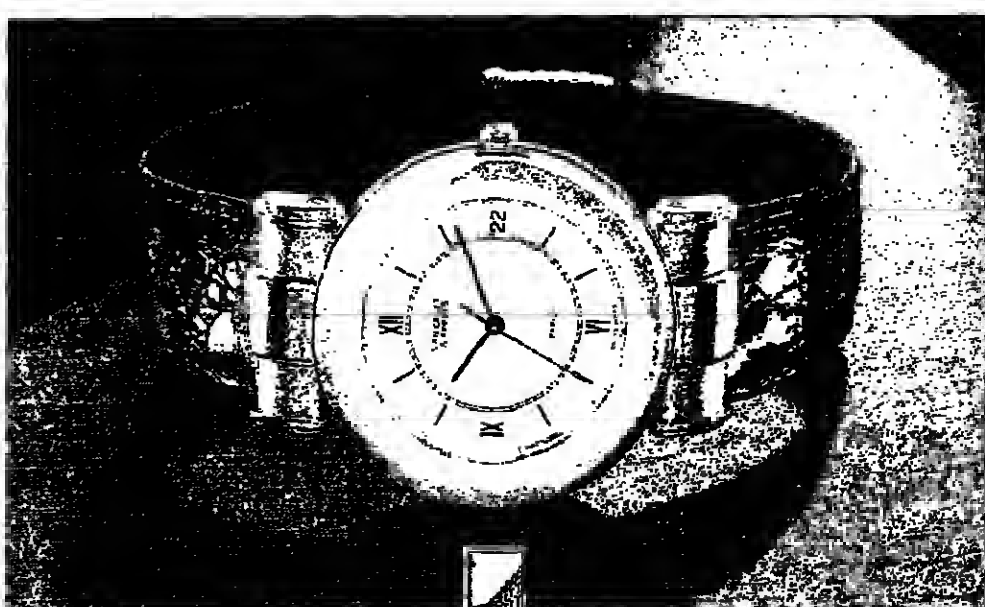
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ASIA

As U.S.-China Relations Slide, Taiwan Visit Gives a Push

By Patrick E. Tyler
New York Times Service

BEIJING — With President Bill Clinton's decision to allow a U.S. visit by the leader of what China considers to be a renegade province, Taiwan, the state of U.S.-China relations is about to get worse.

In many ways, the relationship was already headed south. The Clinton policy of "comprehensive engagement" that was supposed to bind China and the United States as strategic partners working for peace and development in Asia has turned into stylized diplomatic exchanges punctuated by threats of "trade war" over textile quota violations, prison labor exports or the pirating of copyrighted music and software.

Some Chinese officials now suspect that the United States is developing a "containment" strategy against China through a military pact with Japan, weapons sales to Taiwan and the deployment of an anti-missile system in the Pacific that will neutralize China's strategic arsenal.

A senior Chinese foreign policy expert told a recent visitor that when Chinese leaders get together these days, the country they voice the most anger toward and dislike for is the United States.

"We see clear signs of resentment and perplexity about the United States," a Western diplomat said, "and this is indicative of the underlying suspicions about how the United States really views China."

Much of the anti-Americanism that has surfaced may be posturing by Chinese leaders

seeking to show their mettle as the death of the paramount leader, Deng Xiaoping, approaches, but it is nonetheless a reality of national politics.

The hope that President Bill Clinton could forge a personal relationship with President Jiang Zemin has devolved into an unspoken policy of high-level avoidance that arises from Mr. Clinton's desire to protect himself politically from a China policy that refuses to go his way, Western diplomats say.

For this reason, Western officials say, Mr. Clinton decided he would not meet for formal talks with Mr. Jiang when both were in Moscow this month for V-E Day ceremonies.

In March, Vice President Al Gore sought to break the ice with Prime Minister Li Peng at a UN conference in Copenhagen. Mr. Gore was somewhat

taken aback. Western officials said, when Mr. Li upbraided the vice president for what the prime minister called American meddling in China's internal affairs.

It is now painfully clear that Mr. Clinton's gamble a year ago to end the annual human rights showdown with China by

extending, without conditions, low-tariff trade privileges — did not bring the hoped-for exodus of political prisoners from Chinese jails and labor camps.

Instead, there seems to be an increase in macabre human rights accusations, the most recent involving an illicit trade in organs of executed convicts and the sale of human fetuses as food. There are rumors of new disclosures to come about the deliberate starvation of orphans.

Longtime China hands in the American foreign policy establishment argue that a stable working relationship with China is too important to allow every issue of human rights and trade — or a Taiwan president's visit to his alma mater in New York — to drag Beijing and Washington to the summit of confrontation.

"Do we want a view of China that is centered on organ transplants and infanticide or do we want a view of China in which we can recognize positive trends that have been under way here for two decades and build on those so that we have a relationship with China that represents an insurance policy and is not a liability?" a Western diplomat asked.

Instead of answers, contradictions abound.

The United States needs China's cooperation in bringing North Korea's nuclear weapons program to an end, Western officials say. But Congress remains riveted by issues of Tibet and Taiwanese independence that strike at the core of Chinese sovereignty or, in the case of human rights abuses, embarrass Beijing's Communist Party mandarins.

"The strategic element is not there in our foreign policy debate at the moment," a Western diplomat said. "The tightest issues in terms of their strategic importance are being equated or overshadowed by issues that are of far more fundamental importance."

What seems to be certain, Chinese and Western officials say, is that China will now respond to Mr. Clinton's decision to overlook 16 years of American policy and allow Taiwan's president, Lee Teng-hui, to visit Cornell University's reunion.

The last time China accused Washington of reneging on their sensitive understandings over the status of Taiwan was in the summer of 1992, when President George Bush said General Dynamics could sell 150 F-16s to Taiwan.

Within days, Chinese leaders met in secret and authorized the sale of M-11 ballistic missiles to Pakistan in violation of its previous pledge to Washington not to do so, Western officials say.

And now? Will Pakistan get more such technology? Or will China decide to move closer to Iran? Officials say it will be just a matter of time, again.



PROTESTERS FLOOD DELHI — Thousands of women from Haryana state with empty water jars parading through New Delhi on Tuesday to protest a recent water allocation agreement that allots more water to other states.

BRIEFLY ASIA

Backing for Women Against China

BEIJING — Australia, Canada and New Zealand threw their weight Tuesday behind women's organizations fighting to avert Chinese plans to shut their 1995 global forum to a rural resort outside Beijing.

Diplomats from the three nations made high-level representations to the Foreign Ministry, urging China to rescind a decision to change the forum site from Beijing to the rural town of Huairou, more than an hour from the city center, officials said.

Australia's permanent representative to the United Nations will raise the matter with Secretary-General Boutros Boutros Ghali, the Australian Embassy said. A 19-member committee representing worldwide nongovernmental organizations, or NGOs, voted on May 10 to reject China's proposal to move the forum's venue to Huairou.

Some 1,300 organizations are accredited for the Aug. 30-Sept. 8 NGO Forum, which coincides with the Fourth World Conference on Women, a decennial gathering. (Reuters)

Uncertainty in U.S.-Korea Talks

KUALA LUMPUR — North Korea and the United States on Tuesday ended a third round of inconclusive talks aimed at resolving differences over the North's nuclear industry. A U.S. Embassy spokesman said working level officials met for three hours on Tuesday evening.

The heads of the two delegations retreated to the sidelines as lower-level officials tried to resolve the problem of who will supply reactors to North Korea as part of an accord signed last October. There was no word on whether the two heads of the delegations — the North Korean deputy foreign minister, Kim Kye Gwan, and the U.S. deputy assistant secretary of state for East Asia and the Pacific, Thomas Hubbard — would rejoin the talks on Wednesday, the spokesman said. (Reuters)

Schism in Breakaway Indian Party

NEW DELHI — A crack appeared in a breakaway faction of India's ruling Congress (I) Party on Tuesday, four days after the dissidents formally split with Prime Minister P. V. Narasimha Rao.

A newly appointed member of the rebel camp's governing board, K. K. Tiwari, said he had resigned from the panel in displeasure only hours after being named to it because he had not been consulted about being named to the 25-member panel. He also said he feared the secretive method by which he was appointed clashed with the rebels' objectives and sent the wrong signal. (Reuters)

For the Record

Beijing policemen detained another dissident, Jiang Qisheng, a signer of an appeal to China's Communist Party demanding tolerance of differing opinions. The detention brought to seven the number of dissidents rounded up before the sixth anniversary of the June 4, 1989, crackdown on student demonstrators. Four other dissidents have disappeared. (Reuters)

More than 200,000 people are starving in Son La Province and parts of Dac Lac Province, two remote mountainous areas of Vietnam, official press reports from Hanoi said Tuesday. (Reuters)

About 70 South Koreans demonstrated in front of a U.S. military base in Seoul to protest what they called increasing crimes involving U.S. soldiers. Last Friday, South Korean policemen arrested 12 U.S. soldiers for allegedly beating a Korean man in a brawl at a Seoul subway station. The soldiers were later turned over to U.S. military authorities. (AP)

VOICES From Asia

Qian Qichen, Chinese foreign minister, reacting to the U.S. decision to allow a visit by President Lee Teng-hui of Taiwan: "On behalf of the Chinese government, I hereby lodge a strong protest with the U.S. administration." (Reuters)

Roger Moss, finance director of Hong Kong's Mass Transit Railway Corp.: "Debt is a product, like a vegetable in a vegetable market. If it's good quality, people will return to buy it again." (Bloomberg)

Wataru Kubo, Socialist Party leader, addressing a rally in Tokyo to support Prime Minister Tomichi Murayama's plan to apologize for Japan's World War II aggression: "If we can't pass the resolution, we will not be able to explain ourselves to victims of the war at home and abroad." (Reuters)

Police Unit Is Accused of Murdering 11 in Manila

MANILA — A police investigator here has asserted that a special anti-crime unit killed 11 people in cold blood last week and made it appear that they were bank robbers slain in a shoot-out with police-men.

The allegations by the senior police officer, Eduardo de los Reyes, led to his dismissal by Chief Superintendent Romeo Trono on Tuesday.

Relatives of some of the dead men said they were college students, and they threatened to sue over their deaths.

"Relatives of the victims are entitled to file cases against those involved if they have evidence," Mr. Acop said.

President Fidel V. Ramos hailed the deaths of the 11 last week, citing an "effective intelligence network" for the downfall of a "big time robbery syndicate."

But Mr. de los Reyes said Monday that the men were in handcuffs in police vans shortly before the supposed shoot-out.

He said he saw two policemen enter the vans and then heard gunshots. After the two officers left the vans, they and several other policemen sprayed the prisoners with automatic rifle shots.

Mr. de los Reyes also asserted that his

superiors, whom he did not identify, asked him to tamper with the serial numbers of the firearms that had been taken from the suspects' bodies.

Mr. Acop on Tuesday called on Mr. de los Reyes to turn over evidence in the case to the police crime laboratory so the probe could continue. The officers who took part in the shoot-out were being questioned by investigators, he added.

He said Mr. de los Reyes had yet to make a sworn statement detailing his allegations.

"The investigation is continuing," Mr. Acop said.

Deng Is Fine, His Daughter Tells a Paper

HONG KONG — The eldest daughter of Deng Xiaoping, China's senior leader, insists that her father and mother are in good health, a pro-Beijing newspaper here said Tuesday.

"My father's health is good," Deng Lin was quoted as saying in the Wen Wei Po newspaper. "My mother's health is good. My brothers and sisters are fine, too."

She accused "certain overseas media" of carrying "meaningless" reports about her parents, neither of whom have been seen in public for a year.

Various reports in recent weeks have said that Mr. Deng, 90, has run a fever, gone into a coma or lost the ability to see clearly.

In her first televised address to the nation since the start of the latest hostilities, Mrs. Kumaratunga said ethnic war was being forced on the country by the Liberation Tigers of Tamil Eelam.

"If peace cannot be achieved through peaceful means, we will achieve it through any other means," the president said in her speech Monday. "Our fight is only against those who oppose peace."

Mrs. Kumaratunga is a member of the mostly Buddhist Sinhalese majority. The Tigers have been fighting Colombo for a decade for a separate state in the north for the mostly Hindu Tamils.

She admitted that the security forces had suffered setbacks in the first two weeks of fighting after the Tamil Tigers walked out of peace talks on April 19, but she said that the army had gained the upper hand since then.

"We will not give conflicting and confusing signals to the military," she continued. "Clear and coherent strategies are in the process of being implemented."

Sources in the army confirmed that it was acquiring new transport planes, helicopters and gunboats to mount a major offensive against the Tigers.

The Tigers have warned Tamil civilians to be ready for a large-scale battle.

Western and Asian diplomats here said the government had attracted international support with its six-month effort to reach agreement with the Tigers because it seemed to be making every effort to work out a solution to the war.

Just before Mrs. Kumaratunga's speech, the Australian foreign minister, Gareth Evans, who was on a visit, assailed the Tigers for having scuttled the peace drive and urged expatriate Tamils to pressure the rebel leadership to stop fighting.

Nearly 500 people have been killed since fighting resumed a month ago. The army admitted losing 246 men and said that 235 rebels had been killed.

Mrs. Kumaratunga said several nations had promised military aid to Sri Lanka, but she declined to say which ones. Her army is poorly equipped to fight the Tigers, who are regarded as one of the deadliest guerrilla groups in the world.

Mr. Evans said that during his one-day visit, the Sri Lankan government had not asked for military help from Australia, which is home to a substantial Tamil community.

Tamils abroad have a "romantic" idea of the Tigers, Mr. Evans said, adding that the Tiger leadership had showed "no discernable will" to negotiate. "I have no hesitation in telling the Tamils in Australia that this kind of destructive approach will receive a sharp and strong reaction from the international community," he said.

The United States, the European Union, Australia and some Asian nations have all criticized the Tigers' return to violence.

INTERNATIONAL CLASSIFIED

TODAY'S BUSINESS MESSAGE CENTER
Appears on Page 9

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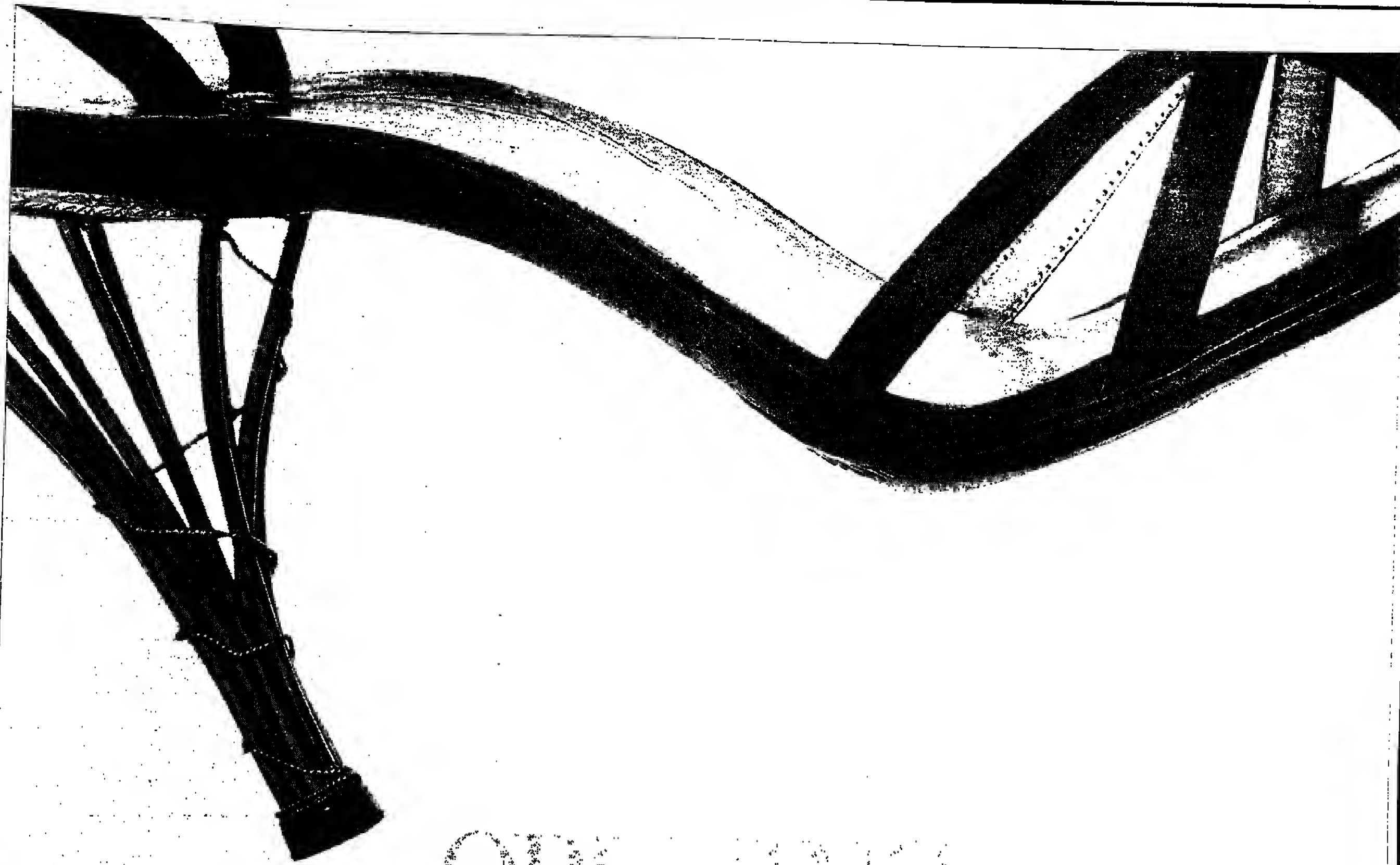
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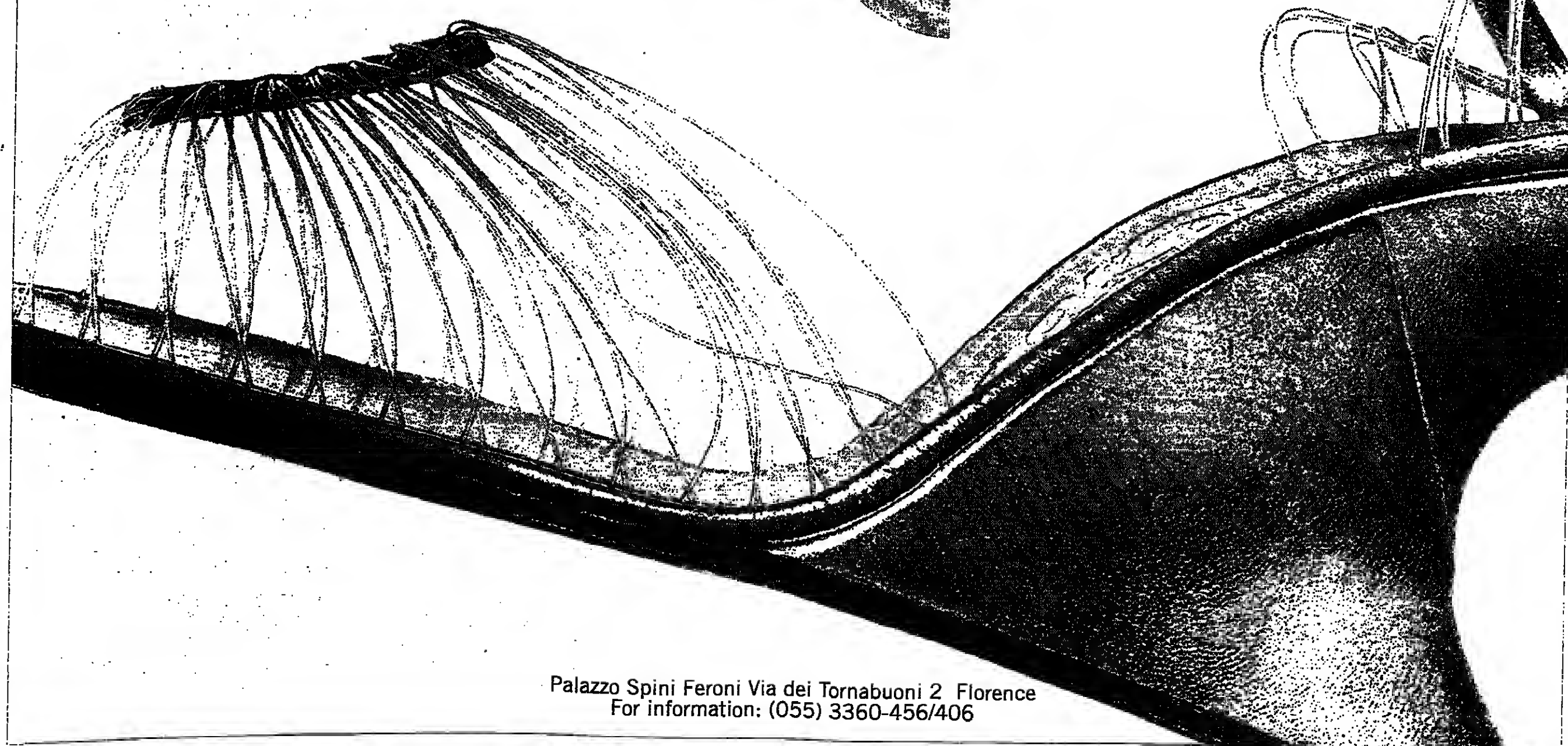
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EUROPE

Magnitude of Pipeline Spill in Russia Emerges With Spring's Thaw

By Margaret Shapiro
Washington Post Service

USINSK, Russia — It looks as if someone poured buckets of thick black ink into the streams, coating miles of banks, bushes and birch trees with a slummy cover of crude oil, inches deep. The cold wind stinks of petroleum vapors.

The river into which these creeks feed is covered with a rainbow slick for miles. Nearby, a lake of goopy crude, the size of several football fields, burns furiously, sending a billowing column of acid, hazy-gray smoke into the air, where it drifts for miles above the tundra — the flat, subarctic plain that in these parts is marshy.

Experts argue about the size of the pipeline oil spill that occurred last summer in the remote Komi region of Russia, 1,600 kilometers (1,000 miles) northeast of Moscow — whether it was eight times the size of the 1989 Exxon Valdez spill off Alaska or just three times.

There is no question, however, that an environmental disaster of major proportions is emerging from a deep winter freeze.

"This is a monster spill," said Richard

McGahan, one of dozens of Alaskans experienced in oil cleanups who are hard at work on a World Bank-funded effort to block the oil from further fouling Komi's rivers and tundra. "I've just never seen anything like it."

There is also no question that serious environmental degradation of this frigid oil-producing region has been going on for years. Dozens of other spills and leaks from corroding, poorly maintained oil pipelines abound, easily visible from the main road out of Usinsk. Pools of oil-slicked water spread out from an old refinery.

Sections of marshland are black and dead where the regional oil company, Kominet, has burned off spills. Fish catches from local rivers have plummeted since the mid-1970s, and what is caught often smells of oil. Milk of cows pastured on river banks has been found to be tainted.

According to Alexei Yablokov, a biologist who is President Boris N. Yeltsin's environment adviser, the Usinsk mess is hardly singular. Wanton disregard for nature was the norm for decades in the Soviet era.

"In our country, rivers, lakes and forests were sacrificed in the name of industrial

development," Mr. Yablokov said recently.

Today in Russia, nearly all major rivers are contaminated, air in some regions is a health hazard, and nuclear fallout or poorly stored nuclear and chemical wastes pollute swaths of land.

The ecological situation in Russia is truly alarming," Mr. Yablokov said.

The Usinsk oil spill, which a recent World Bank report called one of the world's largest, was probably not even the worst or messiest that Russia has seen, Mr. Yablokov said.

"I am sure that we have larger spills every year, but nobody knows of them," he told the Russian newspaper Nezavisimaya Gazeta last month.

The oil spread across 70 hectares (170 acres) of streams and fragile bogs and marshland when sections of the underground Usinsk-Kharyaga pipeline, built in 1975 and heavily corroded after inadequate maintenance, sprang what the World Bank report called a "veritable explosion of major leaks" last August and September.

In a dozen or more places, hot crude oil poured into the earth, pooling and eventually spilling into creeks and streams.

Officials from Kominet, which operates the leaky pipeline, responded as they had to previous spills: Strict secrecy prevailed as they attempted to stanch the flow with dams. They set some of the oil on fire.

But the cash-strapped company, which has laid off many workers and is months late in paying others, did not shut off the pipeline, and oil continued to spill out of it. At the same time, heavy rains collapsed some of the makeshift dams.

As many as 20,000 tons of oil blackened first the Koma River and then the Usa and Pechora rivers as well, according to the Usinsk ecology committee. That amount compares with the 35,000 tons of oil spilled by the Exxon Valdez in Alaska's Prince William Sound.

"It was like some dark snow on the water," said Alexander Milyukhin, from the fishing village of Ust-Usa at the confluence of the Usa and Pechora rivers. "The oil just coated the whole river. We thought maybe there had been some problem with a pipe, but we never thought it could be such a huge accident."

Russian officials now say, however, that they believe about 100,000 tons oozed out of the pipeline. American experts at the time the spill became public last fall sug-

gested that as many as 270,000 tons had spread through the tundra.

Kominet insists the damage was no more than about 14,000 tons and accuses Western officials, who revealed the spill to the world, of exaggerating the situation to make Kominet look bad.

"They exaggerated, that's for sure," said Sergei Kuznetsov, head of Kominet operations in Usinsk. "During the same period, there were more oil spills in the West. This oil spill was just a local emergency. I can't understand why the whole world is interested."

Mr. Kuznetsov and other oil company officials fault the Russian government — and before that, the Soviet government — for not providing adequate funding over the years for pipeline maintenance and construction, and, now, for taxing the company so heavily that it can barely survive.

The most corroded part of the pipeline was replaced months after the spill, but Russian and Western officials suggested in interviews last week that it was poorly built and might cause more such problems.

Further damage was halted by the onset of winter, which froze the black crude in

place: in huge pools, on river banks, around stands of now-laggard trees. Snow fell and covered it.

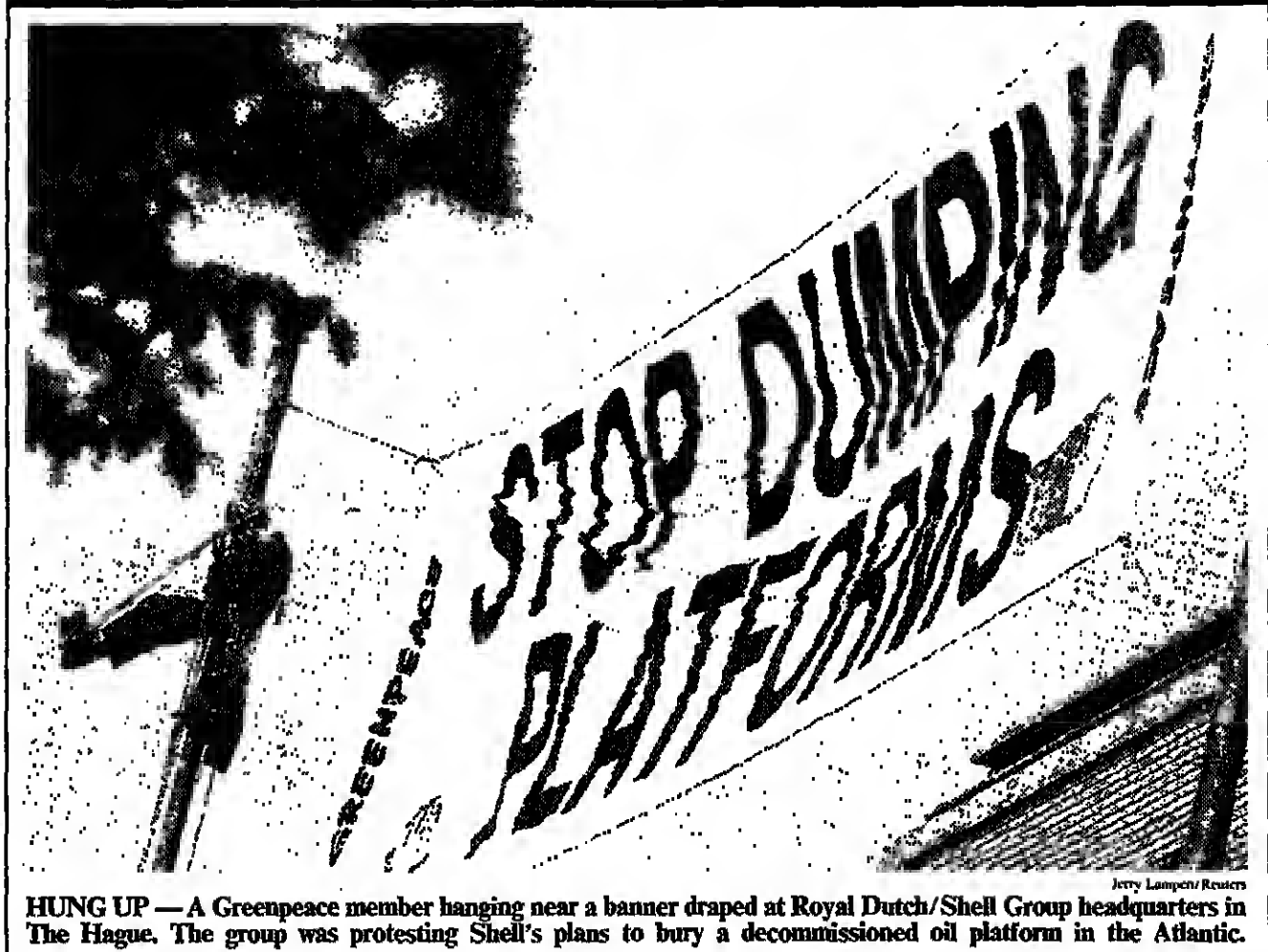
But now the snow has melted, and the rivers are flowing. The oil, until recently the consistency of peanut butter, is thinning and flowing, too.

Russian and Western cleanup crews, who had no idea what they were facing when they began plotting a cleanup strategy a few months ago, are scraping, scooping, siphoning and auctioning around the clock to prevent any more oil from seeping into the river system.

Russia, smarting from having the West sound the alarm over this spill, delayed until late January a request for Western assistance.

In March, the World Bank and the European Bank for Reconstruction and Development agreed to provide \$125 million for a new pipeline and cleanup; they stipulated that the effort be undertaken by a Western company experienced with modern and environmentally sound techniques for dealing with oil spills.

Spending on the Exxon Valdez cleanup, which was spread over a much wider area, exceeded \$2 billion.



HUNG UP — A Greenpeace member hanging near a banner draped at Royal Dutch/Shell Group headquarters in The Hague. The group was protesting Shell's plans to bury a decommissioned oil platform in the Atlantic.

Success for Irish Before the Talks

Investment Meeting in U.S. Brings Old Foes Together

By Fred Barbash
Washington Post Service

LONDON — The Northern Ireland Investment Conference scheduled for Wednesday in Washington may or may not produce any investment.

But it looks likely to produce a remarkable political achievement: Based on the current list of attendees, it will succeed in getting more people from more different parties under one roof than ever before in the modern history of the conflict.

Along with hundreds of business leaders, there will be representatives of organizations "close to" Roman Catholic and Protestant paramilitary groups. They are accustomed to shooting at, but never talking with, one another.

Political parties on all sides, accustomed to trading rhetoric but only at a distance, will also be represented, as will top government officials from Britain and the Republic of Ireland.

Most closely watched by the British and Irish press will be an encounter on the sidelines between Patrick Maybaw, the British cabinet-level official in charge of Northern Ireland, and Gerry Adams, leader of Sinn Féin, the political wing of the Irish Republican Army, who have spent years in mutual denunciation but, as a matter of Irish policy, have never met.

Mr. Maybaw took the initiative of inviting Mr. Adams to meet with him before the formal opening of the conference in part because he knew the tension of the two being there together — without meeting — could overwhelm coverage of the conference, overshadowing its purpose, which is to promote investment in Northern Ireland by U.S. and Canadian companies.

Although no one expects substantive movement in the Northern Ireland peace process, questions of who meets with whom, when and where, have become nearly an obsession here. The symbolic movement, which matters, has thus already been accomplished.

So much do they matter that the mix of the conference has also produced ritual boycotts by the most prominent Protestant politicians in Northern Ireland: the Reverend Ian Paisley, the immovable leader of the most intransigent Protestant party, and James Moynihan, the more soft-spoken but equally uncompromising force against change. They simply do not appear in the same room with Sinn Féin.

But their parties — Mr. Pais-

ley's Democratic Unionist Party and Mr. Moynihan's Ulster Unionist Party — will be represented.

The nature of the conference can be understood by a glimpse at the modern history of the conflict, which began in the 1920s. After centuries of strug-

NEWS ANALYSIS

gle, Britain relinquished control over the 26 predominantly Catholic counties that were then the south of Ireland and now form the independent Republic of Ireland.

Britain — at the urging of many Protestants — held on to the six majority Protestant counties in the north, which collectively became the province of Northern Ireland.

Since then, largely Catholic Irish "nationalists" have been seeking reunification of the island while mostly Protestant "unionists" have with equal intransigence sought to retain the link with Britain. Violence by paramilitary organizations from both sides has claimed more than 3,000 lives since the late 1960s.

Last fall, secret and indirect contacts among British officials, Sinn Féin and the IRA produced an announcement of a "cessation of hostilities" by the IRA, followed shortly by a similar declaration by their Protestant counterparts, the Ulster Freedom Fighters and the Ulster Defense Regiment.

Then a few weeks ago, the British government announced it was satisfied that Sinn Féin, which it equates with the IRA, might seriously discuss the subject of disposing of weapons and explosives in Northern Ireland, and Britain opened ministerial-level contacts.

That announcement has had a dramatic impact on the peace process. The conference this week will be the first time top British and Irish officials have met together at the White House and the first time representatives of the main paramilitary organizations — the Progressive Unionist Party and the Ulster Democratic Party on the Protestant side and Sinn Féin on the Catholic side — will attend the same forum at the same time. It will also be the first time Mr. Maybaw meets with Mr. Adams.

In a briefing with American reporters last week, Mr. Maybaw acknowledged that his invitation to Mr. Adams was in part designed to tame what he saw as the media zoo in Washington. But he also said he believed the meeting would help bring in potential investors.

BRIEFLY EUROPE

For Cheap Fun, Madrid's the Place

BRUSSELS — Madrid is the European Union's cheapest city for expatriate drinkers, eaters and smokers, according to Eurostat, the Union's statistics agency.

Finland's capital, Helsinki, is the most expensive place for food, drink and tobacco in the bloc.

In a report made public Tuesday, the Luxembourg-based agency said Copenhagen was the most expensive EU capital to live in, followed by Paris, Berlin and Vienna.

For cheapest capital, there was a tie, with Athens and Lisbon taking the honors.

The survey, based on three years' worth of data, did not consider spending by locals, but looked mainly at costs to foreign government and business officials "with a relatively high standard of living."

The cheapest place to buy clothes and shoes was London; Paris was the most expensive. (Reuters)

Finland to Pursue a U.S. Air Pact

HELSINKI — Finland is to go ahead with its own "open skies" agreement with the United States despite European Union objections, and hopes to finalize the pact in late June, a Transport Ministry spokeswoman said Tuesday.

Transport Minister Tuula Linnamäe told the daily Helsingin Sanomat that she was prepared to take up a challenge by the EU transportation commissioner, Neil Kinnock, and defend her decision to seal a pact bilaterally through the European Court.

"It is in Finnish interests to keep the national aviation business in our own hands," she was quoted as saying. "If the commission wishes, we will go to court; Kinnock's threat doesn't have any weight in this matter."

Four other small EU states currently talking to Washington — Austria, Belgium, Denmark and Sweden — have not yet said if they would drop bilateral talks and let the commission negotiate an overall deal. (Reuters)

Protesters Blockade Ports in Spain

ALMERIA, Spain — Spanish fishermen and farmers blockaded southern ports Tuesday to stop two trucks from heading north with cargoes of Moroccan melons and olives.

Port authorities said protesters stopped a French truck carrying 10 tons of melons and forced it back to North Africa. A Spanish truck carrying Moroccan olives was prevented from leaving the port and remained in Almeria.

Fishermen are angered by Moroccan calls for drastic cuts in Spanish quotas as part of any new fishing accord with the European Union.

Protests began last week, when fishermen and farmers blockaded the port of Algeciras, which faces Tangier across the Strait of Gibraltar. (Reuters)

EU Urges River Travel for Freight

BRUSSELS — The European Commission adopted plans Tuesday to relieve pressure on the Continent's congested highways by promoting freight transportation by river and canal.

In a statement, the European Union's executive body said shipping goods by inland waterways was safer, better for the environment and more energy efficient than road or rail transportation.

"By making waterways more economically attractive, we will encourage freight operators to take cargoes off our congested roads," said Neil Kinnock, the EU transportation commissioner.

Mr. Kinnock said Europe's canal network already carried more than one-third of total freight transported among the 15 EU member nations. (AP)

Calendar

European Union events scheduled for Wednesday:

BRUSSELS: Karel van Miert, EU Commissioner for Competition Policy, presents annual report on competition.

TOKYO: Edith Cresson, EU Commissioner for Research and Development, visits Japan to meet with Prime Minister Tomiichi Murayama and other government officials.

BRUSSELS: Manuel Marin, EU Commissioner for Relations with Asia, Mediterranean and Latin America, addresses EU Parliament committee on regional policy.

WASHINGTON: Monika Wulf-Mathies, regional policy commissioner, participates in the White House Conference on Trade and Investment in Ireland.

Sources: Agence Europe, AFP.

Peace Talks Due, Battles Still Rage in Chechnya

Reuters

GROZNY, Russia — Russian troops and Chechen separatists fought fierce battles around a rebel-held village Tuesday even as a European security official said serious top-level peace talks would take place this week.

Negotiations between Russians and the secessionist Chechen leader, Dzhokhar Dudayev, held under international aus-

pices, are scheduled to open in Thursday morning here in Grozny, the devastated Chechen capital now held by the Russians.

Sandor Meszaros, who heads the assistance mission of the Organization for Security and Cooperation in Europe in Chechnya, said he believed that all those invited to attend would turn up.

Prospects for a deal between

General Dudayev and the Russians, who call the war an "internal affair," are uncertain. Russia's defense minister, Pavel S. Grachev, said on May 13 that his forces would fight until the rebels realized they had no option but to surrender.

The Russian pursuit of the separatists continued Tuesday. The Itar-Tass press agency said Russian forces again shelled woods around the rebel-held

village of Bamut in southwest Chechnya.

Russian planes also kept up rocket and bomb attacks on the village and surrounding areas, the agency said.

The better-armed Russians have pushed Chechen separatists out of the towns on the plains and are shelling suspected rebel positions in southern foothills.

In this Thursday's HEALTH/SCIENCE

What Came First, Bees or Flowers?



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AVIATION

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- Strained air-traffic control systems.
- Strong sales of business jets.
- Japan's growing role in the aviation industry.
- Privatization of state-owned airlines.

This report coincides with the Paris Air Show, Le Bourget, June 11-18. For further information, please contact Bill Mahler in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13.

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German Police Ram Fugitives and Free Guard

Reuters

OSNABRUECK, Germany — The police recaptured two escaped convicts Tuesday who had led them on a wild chase across northern Germany since breaking out of prison Sunday. A prison guard taken hostage was freed unharmed.

The two convicts, both infected with HIV, the virus that causes AIDS, and described as armed and dangerous, had been driving around the city of Osnabrueck, tossing bank notes out of their car window.

Special police units moved in as the convicts' car stopped at a traffic light. Several unmarked police cars rammed it, and dozens of officers dragged the two men and their hostage from the car.

"The whole operation took only 10 seconds," said a witness, Jens Goda.

The convicts, Günther Finneisen, 37, and Peter Strüding, 38, escaped from a prison in Celle, about 100 kilometers (60 miles) from Osnabrueck, taking the 35-year-old prison guard, Dietmar Kraft, with them. They used weapons they had made themselves.

Both men had been in prison since 1979. Mr. Strüding, who was convicted of manslaughter, took a hostage 11 years ago in a similar escape but was caught the next day in Bremen. Mr. Finneisen was in prison for robbery and fraud.

Moves to Avert TV Referendums Fail in Italy

Reuters

ROME — All-party negotiations on a deal to avert a round of politically charged referendums on television broadcasting collapsed Tuesday, a mediator, Giorgio Bogi, said.

The breakdown means that Italians will now almost certainly vote in the referendums

on June 11. The key referendum would, if passed, compel Silvio Berlusconi, a media owner and former prime minister, to sell two of his private networks.

Mr. Berlusconi's Forza Italia party said Monday that it was pulling out of negotiations and accused leftist and centrist parties of trying to "demolish" Mr. Berlusconi's Fininvest empire.

"Given the various statements and having evaluated the various positions, it is not possible to conclude negotiations to avoid the television referendums," Mr. Bogi told reporters in Parliament.

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In Lisbon For Business

Lisbon has a long and distinctive patrimony. Today, the city is a bustling capital that looks to Europe for its future.

Getting Around

Lisbon has a subway system, the Metropolitan, and buses and streetcars. Most are crowded; all are cheap. Taxis are plentiful, except when you need them, and relatively inexpensive. Many drivers speak some English. Metered fares do not include a tip; add about 10 percent. For journeys out of town, there are plenty of limos. Ask your hotel concierge to negotiate a price — and then try to bargain it down. You don't need to add a tip to the agreed fare.

We do not recommend taking a taxi — or driving yourself — along the coastal highway, the Marginal, to Estoril and Cascais. Recent studies have shown it to be one of the most dangerous highways in Europe. Instead, take the new A5 toll road or try the fast, frequent commuter trains, which start from a station near the ferry port on the river. The train offers a magnificent view of the sea.

At a Glance

Lisbon is built on hills facing the estuary of the River Tagus. Business Lisbon is compact, and most of the outstanding restaurants are located in the city center. The easiest way to visualize the city is to imagine one is landing from the Tagus at the Estação Fluvial Sul e Sueste.

To the right, rising steeply to a peak, is what remains of early Lisbon, the picturesque and crowded Alfama neighborhood topped by St. Jorge Castle, of Roman, Moorish and Visigoth origin. This was the old Moorish and Jewish quarter.

Getting Around

Straight ahead is the "new" city. The huge Praça do Comércio (Commercial Square), open to the sea at the front, is flanked by impressive, pinkish buildings and leads through arches to another vast square, the Praça Dom Pedro IV, known as the Rossio. The area between, the Baixa, is the central commercial, banking and shopping district.

In a Word

Back to the waterfront. Left, looking inland, are hills and a maze of streets, some of them extremely steep. This is the Bairro Alto, home of fado houses and some of Lisbon's best restaurants. Looking sharply left, the coast stretches along the Tagus to Estoril and Cascais, two fashionable resorts, the first with an elegant casino.

Wining & Dining

Now turn your back on the city of Lisbon and look across the river's broad mouth. There are some of the most important industrial suburbs. There also are some good, crowded, and noisy popular restaurants specializing in fish and seafood.

Portuguese resembles both Spanish and Italian in written form but sounds entirely different when spoken. Most native speakers swallow whole syllables, so that *vinho tinto* (red wine) becomes *"vin tint."* A surprisingly high proportion of Portuguese speak another language, usually English.

Portugal prides itself on its gastronomy and offers a wide variety of dishes, most of which are earthy and filling. Lisbon's best restaurants honor Portuguese traditions while refining the recipes. Fish and seafood are tasty and fresh.

Wines are an adventure. The very best — which are not cheap — rival those of France, Italy and Spain. And, of course, Portugal is the home of — you guessed it — port. You can drink a white port as an aperitif, but it is better to wait until the end of a meal for the red.

Another good aperitif is Madeira, although it is usually drunk as a dessert wine. Tips are not included in the check, so an extra 10 percent should be added to restaurant or bar bills. Tip café waiters and parking lot or toilet attendants from 50 to 100 escudos.

Aviz, 12B Rua Serpa Pinto, Tel.: 342-8391. A Belle Époque restaurant of extraordinary distinction, the best in Lisbon in our view. Lapped in luxury, guests are

served food of outstanding quality by a staff that cannot be faulted.

Bonjardim, 10 and 11 Travessa de Santo Antão, Tel.: 342-7424. Two bustling restaurants facing each other and offering wonderful value. *Frango na brasa* is the high point: charcoal-grilled chicken accompanied by a fiery chili sauce.

Bota Alta, 3 Travessa da Queimada, Tel.: 342-7959. A cheerful bistro in the bohemian Bairro Alto quarter. Not for a serious business lunch, but definitely for relaxation after a day of successful negotiations.

Casa da Comida, 1 Travessa das Amoreiras, Tel.: 388-5376. A rising star in the Lisbon gastronomic galaxy, said by many to serve the best international cuisine. Tables set around a charming enclosed garden. Club dos Empresários-António Clara, 46 Av. da República, Tel.: 796-6380. Situated in an elegant 19th-century mansion. Famous for delicious fish and for its wine cellar. Piano bar open to 2 A.M.

Conventual, 44 Praça das Flores, Tel.: 609196. Delicacies are based on convent and monastery recipes dating back to the 1500s. No bread-and-water diets here.

Cozinha Velha, Palácio de Queluz, Tel.: 435-0232. The former royal kitchen has been turned into an interesting restaurant, with high stone arches, walk-in fireplace and walls lined with gleaming copper utensils. Fine Portuguese and other European dishes.

Gambrinus, 25 Rua das Portas de Santo Antão, Tel.: 342-1466. Many small rooms where fish and crustacea famous for their quality and variety are served. Open, blue-tiled kitchen. Popular with the business crowd.

Mercado do Peixe, Estrada Casal Pedro Teixeira, Vila Simão, Caramão de Ajuda, Tel.: 363-6942. Fish is carted in straight from the market. You choose your own fish from a display, it is cleaned in front of you, cooked on a huge charcoal grill and seasoned with the house's secret sauce. Other specialties: homemade *pão de chourico* and *pasteis de nata*. Walls covered with *azulejos* (decorative tiles).

Pábe, 27 Rua Duque de Palmela, Tel.: 3535675. English pub-style decor: dark wood paneling, solid comfort. Top lunchtime venue for executives, politicians, newspaper editors and media people.

Papa Açorda, 57 Rua Atalaia, Tel.: 346-4811. Açorda is a hard-to-describe combination of seafood, bread and eggs. Potted palms, air-conditioning, friendly service, reasonable prices.

Rosa dos Mares, 110 Rua de Belem, Tel.: 364-9275. Located between Jeronimos Monastery and Belem Palace. Specializes in fish and seafood. Soft colors, bamboo furniture and a pleasant atmosphere.

Tagide, 18 Largo da Biblioteca Pública, Tel.: 342-0720. A great view of the Tagus estuary, good food and exemplary service.

Tavares, 37 Rua da Misericórdia, Tel.: 342-1112. Mirrors, crystal, and brocades decorate Lisbon's oldest restaurant. We've noticed a decline in quality, but the restaurant remains popular with businesspeople. Expensive.

Varina da Madragoa, 34 Rua Madres, Tel.: 396-5533. A traditional tavern converted into a restaurant, close to the legislative assembly, the Palácio São Bento. Simple, traditional fare served politely. Popular with embassy officials and journalists.

Calling Around

Country code: 351. City code: 1. Quality still is patchy, but has improved. With a cellular phone, a caller has a chance of reaching 90 percent of the population — as well as other parts of Europe. A telecom office and a series of trailers offer telecommunication services to the public. Telephones are finally changing to the digital system, and practically everyone works with a fax machine.

Emergencies: 115
Hospital: 360131/873131
Police: 366141
Automobile Club: 563931
Automobile breakdown: 942-5095
Airport: 802060
TAP city: 575020
Conventions: 352-5805
Tourist info: 346-3643
Railways: 876025
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Excerpted from the "International Herald Tribune Guide to Europe" (third edition, NTC Publishing) by Alan Tiller and Roger Beardwood.

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THE FIVE-STAR SHERATON LISBON Hotel & Towers is a true haven for business travelers in the busy Portuguese capital. Overlooking the traditional tiled roofs of Lisbon, the hotel has 384 rooms, each with a stunning view of the city, the harbor or the Tagus River.

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The 86 Tower rooms on the top six floors of the hotel are the ultimate in luxury. In addition to the standard features that all the hotel's rooms share — air conditioning, TV, direct-dial telephones and access to 24-hour room service — guests staying in the Tower rooms can use a special reception service for quick personal service and can relax in a private lounge where breakfast and refreshments are served and a selection of international newspapers is available. On arrival, Tower room guests find a gift waiting for them, as well as a bathrobe and slippers. A daily newspaper is delivered to the door.

When it's time to eat, guests need look no further than the hotel's restaurants, bars and buffets, which offer both international and Portuguese specialties and have an excellent reputation. The Alfama Restaurant offers international gourmet cuisine, while the Corvolet Restaurant serves everything from breakfast to a late supper in a more casual atmosphere.

Meeting facilities can accommodate up to 500 people, and the hotel houses a gymnasium, sauna and swimming pool. The rooftop Panorama Room has spectacular views of the city and, like the other meeting rooms, can also be used for banquets.

The Sheraton Porto, located in the financial district of Portugal's other major city, has many of the same amenities.

For those who want to do business and get away from it all of the same time, the Sheraton Algarve, perched on a cliff overlooking a white sand beach, has all the luxury of any Sheraton plus extensive sporting and leisure facilities and meeting facilities.

Sheraton Lisboa: Rua Latino Coelho, 1, P1097 Lisbon Codex, Tel.: (351-1) 575757. Fax: (351-1) 547164.

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INTERNATIONAL

The End of the Most Prestigious Address in Washington

Now Let's See: Where Does President Live?

By David Von Drehle
Washington Post Service

WASHINGTON — The most famous address in America no longer exists. Oh, no doubt the White House will continue to get any mail sent to 1600 Pennsylvania Avenue. But at dawn last Saturday, the president stopped living on a street and began living in a subtly fortified park.

NEWS ANALYSIS

Pennsylvania Avenue was closed to traffic between 15th and 17th Streets, eventually to become a sort of plaza. From H Street all the way south to the edge of the Ellipse, the White House will be surrounded by fences and gates and guard houses.

People live on streets. Kings live in parks. This is not a new observation: President George Washington and his secretary of state, Thomas Jefferson, argued about this very point 200 years ago. Pierre L'Enfant, designer of the capital city, had envisioned a broad avenue that would lead from the Capitol at one end to the president's house at the other — a brilliant conceptual linkage of the two great constitutional powers.

Washington believed this avenue should end at the grounds of a huge presidential palace, befitting a monarch.

Jefferson disagreed. To symbolize that the president was a citizen like any other, he proposed a more modest mansion. He prevailed, and for generations upon generations, Americans on their way from one place to another, in the course of their ordinary business, have been able to pass the president's house, on horseback, by trolley, in buses and cars.

The president was a person who lived on a street.

"Pennsylvania Avenue has been routinely open to traffic for the entire history of our republic," President Bill Clinton said. "Through four presidential assassinations and eight unsuccessful attempts on the lives of presidents, it's been open. Through a civil war, two world wars, and the Gulf War, it was open."

"But now it must be closed." "America's Main Street," it has been called, and it took a lot

to close it down. The British invaded Washington and burned the White House to the ground in the War of 1812. That didn't do it.

The country split in two and fought a war, but President Abraham Lincoln had to be talked into grudgingly accepting a bodyguard.

Although Bonus Marchers went right to the gates of the White House during the Depression and threatened to riot, the trolleys up Pennsylvania Avenue weren't diverted.

During World War II, President Franklin D. Roosevelt nixed even the suggestion that he should camouflage the White House and black out the windows.

Outside 1651 Pennsylvania Avenue, on the stretch of street that no longer exists, is a plaque commemorating the heroism of

Clinton has stopped living on a street and begun living in a subtly fortified park.

Leslie Coffelt, "White House policeman who gave his life in defense of the President of the United States here at Blair House, Nov. 1, 1950." Terrorists armed with handguns had attacked the house where President Harry S. Truman was living while the White House was being renovated. Mr. Coffelt and one of the gunmen died in the firefight. Truman's response: No more public announcements of his daily walks.

But terrorists do not just pack guns anymore.

The bipartisan review of White House security seemed to take it for granted that sooner or later a truck bomber would pay a visit to 1600 Pennsylvania, and bystanders would surely die.

Even Mr. Clinton's rivals did not disagree with his conclusion. The Senate majority Leader and would-be president, Bob Dole, Republican of Kansas, said Mr. Clinton "did the right thing" and added: "There weren't that many options."

The House speaker, Newt Gingrich, Republican of Georgia, expressed misgivings but, once it was done, did not object.

Instead, Mr. Gingrich mentioned the really frightening thought lingering in a lot of minds as the president's street was closed. "The thing that is sad about this is, when something had happens, it will happen in a way we haven't thought of," Mr. Gingrich told CNN. In other words, the bad guys will be "forced to be slightly more creative."

Folks who say the federal government is terminally slow and unwieldy have not seen the Secret Service in action. At 5 A.M., the first traffic was diverted. By 9 A.M., gray concrete barriers blocked the avenue where some three dozen newly inaugurated presidents have paraded, and the victorious Grand Army of the Republic, the heroes of the world wars and the bodies of beloved presidents Lincoln, Roosevelt and Kennedy.

By 11 A.M., the roadblocks had been decorated by huge concrete pots full of geraniums, which added a hit of life and color. Strollers added more color and tourists posed for snapshots in the center median strip.

Safer, quieter, lovelier — the pedestrian mall where the street used to be may turn out better in many respects, just as the president's advisory panel claimed in its report. But those factors were not decisive. Fear and menace and evil were the decisive factors: only they could change the age-old symbolism on the street where the president lives.

At noon, most of the work was done. Now and then a car on official business was allowed to weave through the barriers, but only after being inspected by a bomb-sniffing dog. Nearby, a crane dropped barriers around Lafayette Park. Not only was the street being sealed to vehicles, so was the park.

And so, it was not just that the president was being removed from the city. A piece of the city was, in a sense, being locked up with him. Lafayette Park, which has long been a symbol of protest against the presidency. Depression-era veterans camped out there, and opponents of the war in Vietnam, and advocates for the homeless. Through the years, that square across the street from the White House has been a place to confront power, to face it down over a gulf of asphalt. Now the



A Washington pedestrian strolling across the suddenly empty Pennsylvania Avenue.

park and the White House are closed up together in one big bubble, crusted with concrete. For more than a decade, Ellen Thomas has kept her anti-nuclear vigil across Pennsylvania Avenue from the White House. In the sunshine — as the park

was sealed off, one of her signs declared grimly: "Live by the bomb, die by the bomb."

In Washington, America took a step to live through an age of the mad truck bomber. And it was hard not to feel that something had died.

AMERICAN TOPICS

At the Beep, Please Try To Be Original

A Washington Post columnist, Bob Levey, asked readers for funny answering machine messages.

Some of the replies: On a psychologist's phone: "Please emit verbal response at the auditory stimulus."

Antisocial: "We know who you are and why you are calling, so at the beep, hang up."

Suggestive (delivered in a throaty feminine voice): "You know what I want. Give it to me."

Presidential (to the tune of "Hail to the Chief"): "We are not in the Oval Office at this time. We will, to the best of our abilities, faithfully execute the task of calling you back, so help us God."

And some actual examples:

Anne S. Knight, a fan of "Gone With the Wind," has had this on her machine for years, in a gently accented southern voice: "Please leave a message, and I'll call you back — tomorrow. After all, tomorrow is another day."

Brad Lund of Baltimore: "This is the Lund residence. The answering machine is on vacation. This is the refrigerator speaking. State your message slowly and clearly. I'll write it down and stick it to myself with one of those little magnets."

Short Takes

Nobody who has entered the federal Witness Protection Program and faithfully followed the guidelines has ever been tracked down by vengeful defendants or their cohorts, according to a spokesman for the Federal Marshals Service.

The service has handled 6,439 witnesses and 8,079 of their family members since 1971. But some people go back to the scene of their old crimes and get gunned down.

If old neighborhoods are dangerous, so are old habits.

Joseph (The Animal) Barboza, who testified against a New England crime boss, Joseph Patriarca, was bludgeoned to death in 1976 after using his new identity to start a second life of crime.

In an astronomical event that happens every 15 years, the rings of Saturn all but disappeared for 24 minutes this week.

Most of the world's big telescopes were trained on the planet to record the event, which allows astronomers to look for new moons. The phenomenon, known as a ring plane crossing, causes Saturn's distinctive rings to be seen edge-on from Earth.

With the rings temporarily invisible because of the Earth-Saturn alignment, telescopes can pick out faint objects near the planet.

Thirteen of Saturn's 18 known moons have been discovered during plane crossings.

Skyler Byrd, 15, a junior at Banneker High School, the most academically rigorous in Washington, D.C., scored 1,600, the highest possible score, on her Scholastic Assessment Test.

Skyler, who is black, said, "I opened the letter and saw the two 800s and I thought: 'This must be the possible score. Now where are my scores?' Then I started jumping up and down."

Skyler scored her 800s in English and mathematics. A pupil can score 1,600 and still answer a few questions incorrectly. Skyler got three wrong.

She wants to study international relations and business at an Ivy League college.

Jay Leno, a television talk-show host, says in the current issue of TV Guide magazine that he provides jokes for, as well as about, President Bill Clinton.

A nonpartisan gagster, he has done the same for former President Ronald Reagan and Senator Bob Dole. Mr. Leno wrote that no pay is involved.

He remarked, "Politics is just show business for ugly people."

International Herald Tribune

The Philippines

The emergence of the Philippines in recent years is hardly the result of chance. The Philippines has taken some very concrete steps toward modernization and stability, and the outcome is indeed impressive.

- An increasingly stable democratic government.
- A better managed and more reliable industrial infrastructure.
- A supportive and business-friendly economic climate.
- A forward-thinking corps of domestic business leadership.
- A wealth of natural resources and an increasingly skilled labor force.

THE
PHILIPPINE
SUMMIT
1995

The Philippines is poised to take its place as the newest of Asia's economic "Tigers."

On September 27-28, 1995, the Government of the Republic of the Philippines, leading Philippine companies, and business and political leaders from around the world will gather in Manila for The Philippine Summit. The key decision makers and leaders of the Philippines will engage

the international business community in an unprecedented series of frank discussions on the state of the Philippine economy and where it is going.

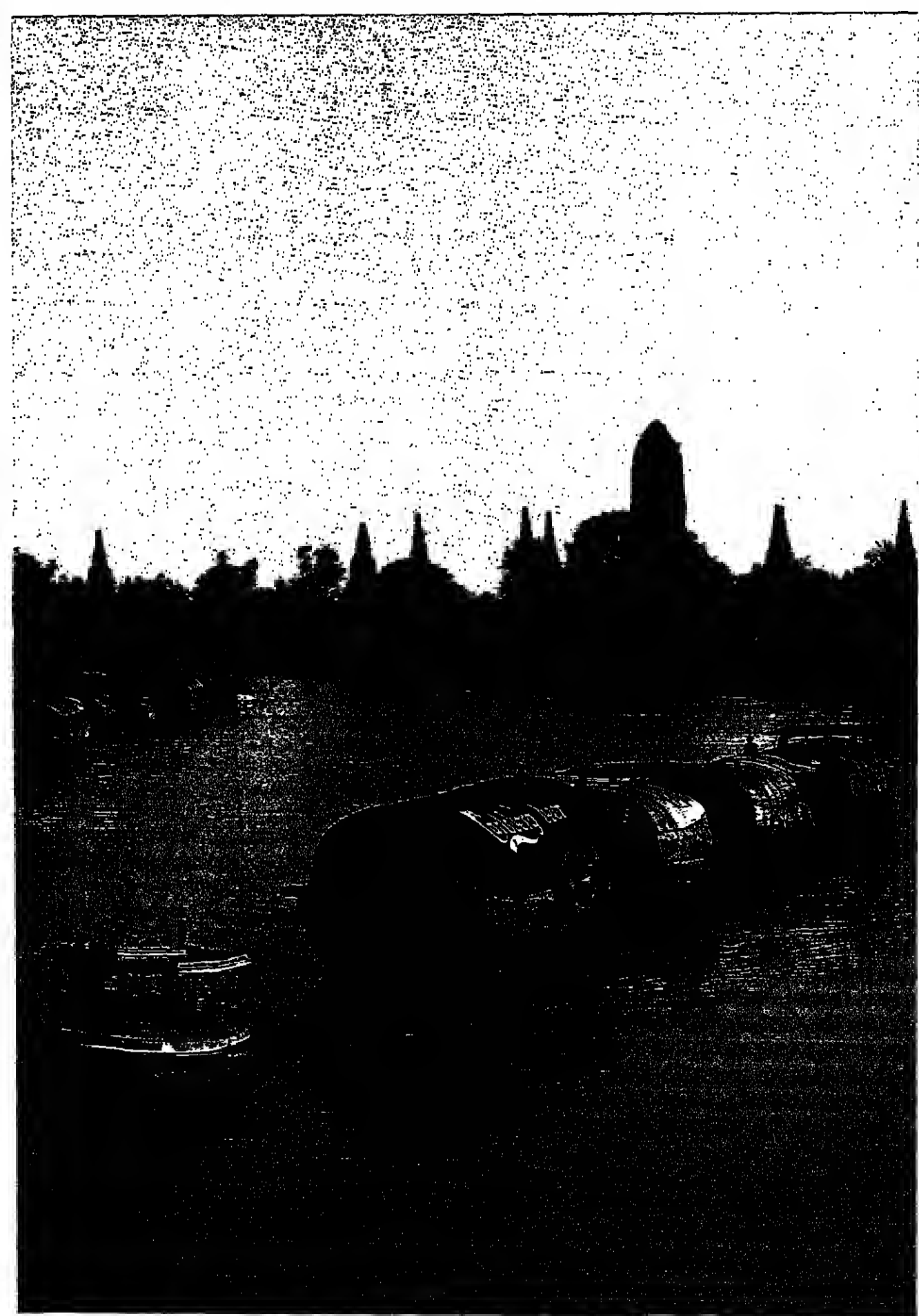
Organized by the International Herald Tribune in cooperation with The Philippine Government, The Philippine Summit offers participating sponsors and delegates the rare chance to meet

face-to-face with the people responsible for the Philippines' success. The Summit will be one of the most significant events in the Philippines this year. It presents a unique opportunity to understand and capture a share of the current and future achievements of the Philippine economy.

The Philippine Summit will take place on September 27-28, 1995 at the Shangri-La, Makati in Manila. Interested parties should contact Vivien Peters at the International Herald Tribune's Asia/Pacific Conference Office in Hong Kong for further information on sponsorship and delegate opportunities.

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER



INTERNATIONAL



HEADS UP — The emir of Kuwait striding through the welcoming ranks of Scots Guards in London on Tuesday.

George Will, Columnist, Omits Wife's Brief

By Howard Kurtz
Washington Post Service

WASHINGTON — Last week in his syndicated column, George F. Will assailed the Clinton administration's proposed tariffs on Japanese luxury cars, calling them "trade-annihilating tariffs to coerce another government into coercing its automobile industry."

He repeated his criticism Sunday on the ABC News program "This Week With David Brinkley," calling the 100 percent tariffs "illegal" and "a subsidy for Mercedes dealerships."

What Mr. Will did not mention is that his wife, Mari Maseng Will, is a registered foreign agent for the Japan Automobile Manufacturers Association. Her firm, Maseng Communications, was paid \$198,721 last year to lobby for the industry.

Mr. Will dismissed any suggestion of a conflict.

"I was for free trade long before I met my wife: end of discussion," he said on

Monday. "There are people in Washington whose entire life consists of raising questions. To me, it's beyond boring. I don't understand the whole mentality."

But several newspaper editors said Mr. Will should have disclosed his wife's lobbying.

"I'm very distressed," said Dennis A. Britton, editor of The Chicago Sun-Times. "That's one of those material facts an editor should know before placing a story in the paper. That's like a financial writer having a stake in a company he's writing about."

Mr. Will did disclose on the Brinkley show last month that his wife was advising Senator Bob Dole in the Republican's presidential campaign and would become the campaign's communications director.

Mr. Will, who mentioned that fact before questioning Mr. Dole, said he did so only "because ABC asked me to."

Mr. Will is among the nation's most prominent conservative writers. He appears on the Brinkley show, opines in Newsweek and writes a newspaper column

that is syndicated to 475 papers by The Washington Post Writers Group.

Mrs. Will served as White House communications director and assistant secretary of transportation during the Reagan administration. The two were married in 1991.

According to Mrs. Will's Justice Department filings, her firm is paid \$200 an hour to deal with reporters, follow legislation, place advertising, issue press releases and draft op-ed pieces.

The firm has sought to arrange for the industry's top lobbyist in Washington to meet The Chicago Tribune's editorial board, tried to place an opinion piece in The Washington Times and drafted letters to The New York Times and the Detroit Free Press.

Maseng Communications began representing the Japanese in 1992 and was paid \$47,422 the following year. Mrs. Will did not respond to a request for comment.

Stephen Isaacs, associate dean of the journalism school at Columbia University, said a spouse's employment "does matter."

SPIES: East Germans Cannot Be Prosecuted for Cold War Espionage

Continued from Page 1
Ministry, for example, told Reuters that about 700 East German espionage cases are under investigation and "it looks as if all cases could be dropped." Die Welt reported that a total of 6,347 espionage investigations are under way.

Mr. Wolf, 72, issued a triumphant statement tempered with the caution of a man who spent three decades matching wits against the West.

"For some of the 6,000 people being prosecuted, it ends a long period of uncertainty, defamation and punishment. But only for some of them," Mr. Wolf declared.

"My own experience with federal prosecutors who are obsessed with hunting and persecuting agents makes me cautious," he

added. "Some have already said clearly that the hunt would continue on the basis of other laws."

In the shadowy spy world that characterized much of the Cold War in divided Germany, Mr. Wolf may have been the most cunning agent of them all. As a general in the Stasi secret police, he ran East Germany's spy agency from 1958 to 1987, scoring a sequence of damaging and embarrassing coups against the West with his network of well-positioned "moles."

In 1991, Mr. Wolf voluntarily returned from exile in Moscow and turned his seven-month trial into a forum for questioning whether Bonn's prosecution of former East German officials was simply vindictive "Victor's justice." Before being con-

victed in December 1993, he asked the court, "What country am I supposed to have betrayed?" He had remained free pending his appeal.

The court ruling also acknowledged Mr. Wolf's contention that his espionage activities were little different from those undertaken by his counterparts in the West, including Foreign Minister Klaus Kinkel, who previously served as head of Bonn's intelligence service.

"Every state seeks to punish only the spies of foreign powers while also conducting espionage and trying to protect its own spies," the court said. It added that Germany would still be acting as a "foreign power" if it prosecuted East German agents after unification.

RUSSIA: New Kremlin Elite Pursues Perks in Eerily Familiar Fashion

Continued from Page 1
bases in the Kremlin, but it ran in the anti-establishment weekly Moscow News after it was turned down by his own newspaper.

Vladimir Gusinsky, the banker and media tycoon who owns Segodnya and who has a longstanding feud with Mr. Yeltsin, considered publishing the series too dangerous.

Though there is no official censorship anymore, newspaper owners and television executives are increasingly afraid of angering powerful government and business interests. After Mr. Yeltsin's personal security guard ordered a raid on Mr. Gusinsky's offices in December, he left the country and has been living in London. He says he fears for his life.

Perhaps the most vivid—and politically significant—example of the return of the old elite was the president's decision last month to create a new centrist party, led by Prime Minister Viktor S. Chernomyrdin. Officially named "Our House—Russia," it was immediately dubbed "The Party of Power" by the press and other politicians.

It is backed by tremendously wealthy banking and business interests and consists almost entirely of state bureaucrats and provincial governors and administrators, including many former Communists and even some Politburo members.

Its first meeting on May 12 in Moscow had a flavor of déjà vu, with Volga limousines snaking up the drive, turgid speeches and limited press access.

Unlike Mr. Yeltsin, Mr. Chernomyrdin was never a member of the Soviet Politburo, but he did head the gas industry under the old regime. Political analysts here say that Mr. Chernomyrdin's connections to that sector of the Russian economy have made him a rich man and that they keep him closely allied with the essentially unchanged fiefdoms in the provinces.

So Kremlinology, only recently dismissed as an obsolete art form, is enjoying a revival.

"Now there is a return to old-style Soviet politics, with Yeltsin in the middle and four or five powerful groups around him," said Michael A. McFaul, a Moscow-based senior associate of the Carnegie Endowment for the Humanities. "We get hints of how it works, but we are not privy to the inner-workings the way we were two or three years ago."

Mr. Chernomyrdin's party was crafted to act as a centrist alternative to Communists and ultra-nationalists in December's parliamentary elections. Another party,

left-of-center, also created with the Kremlin's blessing, is to be led by the speaker of the lower house of Parliament, Ivan Rybkin.

But some find these new parties' symbiotic relationship with the government a bit troubling—a little too reminiscent of the days when the Communist Party ran the state.

"The introduction into the political arena of a two-party nomenclature system would mark the decisive victory of the state over society," Vitaly Tretyakov, the editor of Nezavisimaya Gazeta, a liberal daily, wrote in an editorial.

The old Communist political apparatus is not all that is left of the Soviet system. The infamous Russian bureaucracy is, if anything, more bloated than ever. In 1982, when the population of the Soviet Union was twice that of Russia today, 84 ministries and state committees served the entire empire. Now 73 serve just Russia.

The newspaper Izvestia said Parliament was about to consider a bill to give the civil servants who toil in these ministries free transportation and pension raises, among other things.

And the gigantic network of special clinics and hospitals known as the "Fourth Department," which once catered to the Communist Party elite, still exists, though it has been renamed the Medical Center of the Presidential Administration. After the fall of communism, many of its facilities, including the prestigious Kremlin hospital, opened their doors to paying clients.

The government now wants to improve the facilities and return them to their original function—providing better care than is available to other Russians, free to cabinet officials, high-ranking bureaucrats, and members of Parliament and their families. The center plans to limit the percentage of paying customers to 25 percent.

"It would not be correct to put someone, let's say, of a not-very-stable social class, or a shady businessman, in the bed next to a government official," said Sergei Mironov, who was recently made deputy chief of management for the medical centers. "We cannot admit just anybody who is willing to pay money."

The budget of this special health bureaucracy, then as now, is secret.

A new food store opened this spring in a high-rise residential building in Milino, in northeast Moscow, where many members of Parliament have received furnished, free apartments. (Some of these deputies have quietly privatized the apartments they were allotted by the state by renting or selling them.)

Only people with special passes or parliamentary identification cards are allowed to shop in the food store there. The Parliament has plans to open a deputies-only shopping center next to the market.

It was never much of a mystery why the Communist Party elite sent their drivers to Gerasimovskaya Street to pick up their special grocery parcels every week. Delicacies were scarce in those days.

It is less clear why the new elite, many of whom have made plenty of money from suspected bribes or from brokering business deals, cannot buy their groceries at one of the many supermarkets in Moscow. But old habits of hierarchy and veiled behavior die hard.

"The old warriors have reappeared with their old customs and traditions," said Alla Gerber, a liberal deputy in Parliament. "They have their own views of how power should work."

The reformed and renamed KGB has reverted to at least one custom of old: this month, the hierarchical pecking order in its cafeteria service was restored. Tables, service, food and even flatware vary according to rank.

There is little press scrutiny or public outrage about the perks of power. Many Russians, fatalistic and cynical, expect nothing else. If anything, resentment has been muted by the fact that goods and services that were available in the old days only to the nomenclature are now accessible to ordinary citizens, provided they can afford them.

But Izvestia recently published a detailed story asserting that Mr. Rybkin, the speaker of the lower house, bought patio furniture for his dacha while on an official trip to Washington and transported it back to Moscow on the plane provided to him by the government.

The newspaper reported that Mr. Rybkin, his plane weighed down with personal plunder, refused to transport a shipment of American humanitarian aid for needy Russian children that the Russian Embassy had asked him to bring home.

Mr. Rybkin denied he had bought patio furniture for his dacha, saying that his cargo was entirely made up of office supplies for the Parliament. But he conceded that he had refused to carry the aid.

Few of his colleagues were shocked. "It's typical Soviet-style behavior," Boris Fyodorov, a former finance minister who now leads a pro-business faction in Parliament, said with a shrug. "The only surprising thing is that he got caught."

Serb Leader Rejects Recognizing Bosnia

WASHINGTON — President Slobodan Milosevic of Serbia has turned down a U.S. proposal that would have suspended economic sanctions against his country in exchange for his recognition of Bosnia and Croatia, Clinton administration officials said Tuesday.

"The talks floundered on a central point: Serbia is insisting on a lifting of the sanctions," said Nicholas Burns, the State Department spokesman.

But the sanctions cannot be lifted until Bosnian Serbs accept a proposal for negotiating a settlement of the war in the former Yugoslav republic, Mr. Burns declared.

As a result, Secretary of State Warren M. Christopher summoned home Deputy Assistant Secretary of State Robert Frasure after a weeklong effort in Belgrade designed to undercut Bosnia's Serbs and to force them to negotiate a settlement with the Muslim-led government established in Sarajevo.

"We hit a wall," a U.S. official said as Mr. Frasure flew to Washington with still another rejection from Mr. Milosevic, whose assistance to Bosnia's Serbs has fueled their war against Muslims and Croats.

Mr. Milosevic declined to accept a suspension of sanctions in return for recognition of Bosnia and Croatia.

Accepting the two former Yugoslav republics as independent states would have been a blow to Bosnia's Serbs and their aspiration for a Greater Serbia.

The official said that the Clinton administration was now at a loss for what to try next.

Britain, Russia, France and Germany had joined with the United States in making the proposal.

According to a report from Moscow by the Itar-Tass press agency, Alexander Zotov, a special envoy of President Boris N. Yeltsin, will go to Belgrade on Wednesday to hold talks with the Serbian leadership.

FALTER: Economic Recovery Appears to be Slipping

Continued from Page 1

ly lowered its forecasts of German GDP, saying the economy is expected to grow just 2.6 percent next year, compared with its earlier prediction of a 3.4 percent growth rate.

In April, Western German unemployment rose by 13,000 workers, for an joblessness rate of 8.2 percent, after having fallen for several months. In all of Germany, 3.6 million members of the work force were without jobs.

Also last month, the country's biggest department stores reported that sales in the first four months were 4.6 percent below year-earlier levels.

German companies invested 56.7 billion DM abroad in 1992 and 1993 while foreign companies invested only 10.8 billion DM in Germany, the Bundesbank reported.

Industrial production has fallen a seasonally adjusted 6.9 percent from December, the Economics Ministry reported last week. But it warned that its figures were unreliable and should not be taken seriously.

One of the main reasons the economy is expected to lose steam is sluggish consumer spending, the last link in the classical pattern of a German recovery that begins with rising exports, flows into higher investment spending by businesses and is eventually passed on to the country's workers.

German exports continue to run strong, but the appreciation of the Deutsche mark against the dollar and other currencies has begun to cut in, and will erode the corporate profits that are needed to pay for investments in capital goods to keep

German businesses competitive.

The mark's rise will certainly put a brake on capital spending, said Mr. Issing, noting that 80 percent of German exports are transacted in marks.

Critics say the German government, meanwhile, has been agonizingly slow to change, a situation that will probably be complicated by last week's election gains by the Greens, which upset mainstream majorities.

Economists rattled off a litany of overdue reforms that add to a sense of insecurity regarding Germany's economic future: deregulation, cutting Europe's highest tax and social security burden, restructuring pensions, privatization and making the labor market more flexible.

"Whether people want to hear it or not, Germany has lost its appeal to business," said Hans-Olaf Henkel, a former chairman of IBM Germany who recently became president of the Federation of German Industry. "A lot of good jobs will wander abroad because costs here are too high and working schedules aren't flexible enough, added to damned long bureaucratic delays and high taxes."

Germany's biggest immediate problem is bringing down unemployment, which has emerged as a major limiting factor in its economic performance.

"We can't keep picking up an extra million unemployed after every recession, that's clear," said Mr. Issing, singling out the German government, unions and major industrial employers for creating a labor market that

guarantees relative stability in good times but leaves society holding the bill for expensive social payments when the economy runs into rough waters.

In its latest annual report, the Bundesbank sharply attacked the country's "social partners" for a lack of pragmatism and said structural problems are the main causes of the country's high unemployment.

"Low pay or no pay belongs in the discussion," said Mr. Issing. While he is no fan of subsistence-level employment that U.S. economists have dubbed McJobs, he noted that the United States "has succeeded in preventing the number of unemployed from ratcheting upward," which may be the lesser of two evils.

The Ifo economics research institute in Munich recently predicted the number of industrial jobs in Western Germany would fall another 3 percent this year after shrinking 6 percent last year. All in all, the number of industrial jobs in Western Germany will shrink an average 1.3 percent a year for the next five years, Ifo estimated.

This year, economists expect the economy to create a meager 110,000 new jobs.

In a forecast covering the next five years, economists at Bayerische Hypothek- und Wechsel-Bank AG in Munich predicted German economic growth would slow from about 3 percent or less this year to about 2 percent by 1999 despite average growth of about 7.5 percent a year in Eastern Germany.

CUBA: Nation Backing Off the Cherished Guarantee of Full Employment

Continued from Page 1

economic equality. That, according to diplomats and analysts, is why the economic program has gone forward haltingly.

"The response of the revolution has been extreme caution in the market process, and some of us wish it were going faster," said Gerardo Gonzalez, an economic analyst at the government-subsidized Center for Study of the Americas. "We lived for 30 years with the expectations of equality and social justice, which will be a great challenge to meet."

Senior Cuban officials insist that Cuba is not going capital-

ist, but that just how far it should go is still under debate within the party leadership.

"We have started an orderly process of transformations and measures to achieve greater efficiency in our economy," Carlos Lage, in charge of economic reforms, said in a speech. "But we are not, however, an economy in transition, nor are our people or our party in transition toward capitalism. We will take the measures that are necessary, but we will never make a single concession."

Most of the self-employed now are engaged in making handicrafts—from shoes to paintings, which they sell at

markets around Havana—or in repair work, such as plumbing. Doctors, teachers, engineers and other professionals are not allowed to seek self-employment.

Carlos Solchaga, a former finance minister in Spain who often advises the Cuban government, warned in a recent article in the Spanish magazine Actualidad Economica that Cuba must carry out "structural reforms" far beyond self-employment or jeopardize its overall efforts.

Mr. Solchaga and other economists here said that after 160,000 Cubans quickly found work through self-employment,

the absorption had stagnated in recent months, largely because it is still illegal for one Cuban to hire another to work.

To expand the economy and enhance social stability, he argued, the government must allow the formation of local companies, with private labor contracts.

"The state would have to renounce on the one hand the practically total socialization of the means of production, and, on the other, its monopoly on the hiring of employees."

Mr. Alarcón said that expanding self-employment was the "logical solution" to unemployment.

CHINA: Demands U.S. Withdraw Permission for Taiwan President's Visit

Continued from Page 1

Chinese Foreign Ministry statement said, adding, "In that case, the U.S. administration should bear all the consequences."

In a day of bitter recriminations prominently displayed in Chinese newspapers, radio and television news programs, Communist Party leaders accused the Clinton administration of duplicity and perfidy.

"It is precisely under the disguise of 'unofficial' or 'private' visits that Lee Teng-hui has traveled here and there in recent years in pursuit of so-called 'vacation diplomacy' and 'top-over diplomacy' in an attempt to create 'two Chinas' or 'one China, one Taiwan' on the international scene," the Chinese statement said.

Referring to Congress, which voted overwhelmingly to support President Lee's request to attend the reunion, the Chinese statement said, "Let there be no doubt about this: If the U.S. Administration succumbs to pressure of some pro-Taiwan elements in total disregard of the feelings of the 1.2 billion Chinese people and infringes upon the fundamental rights and

interests of China, Sino-U.S. relations can only regress."

In Taipei, President Lee's office said of the Clinton administration decision, "This is very good news both for the improvement of traditional relations between the Republic of China and the United States, and for the expansion of peoples' friendship."

Mr. Lee's visit to the United States will be the first by a Taiwan president. President Clinton has made four visits to Taiwan, but has never visited mainland China, and has not visited China's president, Jiang Zemin, to Washington.

Japan, which has followed Washington closely in normalizing relations with China over the last two decades, said Tuesday that it would not change its policy of maintaining only non-governmental ties with Taiwan.

Japan will be the host of a summit meeting of Asian Pacific leaders later this year and already Taiwan officials have been maneuvering to send a vice prime minister who also holds a non-governmental post to the meeting.

Senators Elated by Move

Senators are applauding President Clinton's decision to extend Mr. Lee a visa. The Associated Press reported from Washington.

"This is something we've all worked long and hard to bring about," Senator Frank Murkowski, Republican of Alaska, said Monday after the State Department cleared the way for Mr. Lee to give a speech at his alma mater in June.

Earlier this month, the Senate approved 97-1, a resolution urging that the visa be granted. The House voted 396-0 for a similar measure.

Senators at a news conference emphasized that the United States still has a "one China" policy.

But Paul Simon, Democrat of Illinois, said allowing Mr. Lee into the United States was "a step in a better direction with the People's Republic of China."

"I want to maintain good relations, but our policy shouldn't be dictated by another country," he said.

FRANCE: Prime Minister Vows Immediate Increase in Minimum Wage

Continued from Page 1

to encourage job creation. Mr. Juppé's speech emphasized the prospect of faster growth through stimulus for business, including tax breaks and inducements for creating new posts for the jobless and a cutback in government red tape.

Pledging to maintain the value of the French franc, Mr. Juppé indicated that strong growth could enable France to absorb social tensions and reduce government debt, enabling the country to stay on course for European integration and remain competitive.

Along with these echoes of Reagan-style economics, Mr. Juppé pledged stepped-up assistance to families with children—in effect, a family program aimed at easing the social problems that have come to be known in France as "exclusion."

Mr. Juppé also called for an end to government interference in wage negotiations with private employers. In practice, France's large public sector often sets the pace on pay for the whole economy.

Mr. Juppé pledged a major attempt to modernize schools to make French education more job-oriented—an idea that brought disaster to previous governments.

Opposition Socialists attacked Mr. Juppé as giving too much to employers, but the French industrialists' association praised the package.

His maiden speech as prime minister was a credibility test for the new government and an event that brought Mr. Juppé center stage as an heir apparent of French conservatism.

The Chirac campaign benefited strongly from Mr. Juppé's reputation as a talented foreign minister—who handled tense trade issues and the intractable problems of Bosnia—and a reliable figure whose presence helped allay fears that Mr. Chirac might relax France's economic rigor and commitment to European integration.

Mr. Juppé has a reputation for not ducking challenges. "The Juppé era" is a phrase in vogue in Paris to describe the emergence of a new generation of French politicians.

Of their elders, only Mr. Chirac remains largely thanks to help from Mr. Juppé. Now he has to keep an eye out for Philippe Seguin, the parliamentary speaker and his main rival for party leadership, who argues that France should break more radically with the economic approach advocated in Germany.

On the other hand, Economics Minister Alain Madelin is a more radical free marketeer than his mentor, former president Valéry Giscard d'Estaing.

Mr. Juppé, 49, has a reputation for intellect and loyalty that earned him praise as "the best of his generation" from his mentor, Mr. Chirac.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Kodak's Trade Complaint

With the U.S. trade deficit rising, it is inevitable that trade wars with Japan will proliferate. The dispute over automobiles has become a major political issue in both countries. Now Eastman Kodak Co. has petitioned the U.S. government to intervene against the treatment that it is getting in Japanese markets. The automobile companies' case is not overwhelming, but Kodak's complaint is a classic example, in its stark form, of the American objection to Japanese practices.

Kodak charges that it is the victim of anti-competitive tactics encouraged by the Japanese government. The effect, according to Kodak, is to create an enormously profitable home market for its rival, Fuji Photo Film, enabling Fuji to sell at low prices abroad and expand its market share there. Japanese import restrictions on photographic film and paper were weakened in the early 1970s as a result of trade negotiations, and Kodak's sales there rose sharply. In response, again according to Kodak, its competitor — with the government's support — established control over the distribution system and cut off Kodak's access to many retailers. Kodak wants the U.S. government to make Japan enforce its own antitrust laws.

This claim creates difficult choices for

the Clinton administration. It would like to push Japan to a settlement of the auto case, which is more important because of the size of the industry involved and the number of jobs, and celebrate a victory. But now it has to deal with another series of accusations that go profoundly into the ways that the Japanese have organized not only their economy but their society.

The Japanese object bitterly to what they see as constant bullying and harassment by the Americans on trade issues. But the Clinton administration and a lot of American companies have concluded that constant pressure, litigation and political intervention are the only tactics that have any effect at all on Japan.

These trade disputes are particularly difficult to resolve because they arise from deeply rooted national habits on both sides and, among other things, the differences in ideas about fairness and competition in the two societies. It remains to be seen whether the political and military alliance between the two countries can survive the constant pounding from this series of trade collisions over principles that both countries increasingly regard as vital.

— THE WASHINGTON POST.



By MAGNIN in Vertigo Gang (Chico, CAW Syndicate)

Both Sides See Room to Trim 'Corporate Welfare'

By David S. Broder

WASHINGTON — Now that President Bill Clinton and his aides finally have signaled their willingness to negotiate with congressional Republicans on the federal budget, the stage is set for needed action to reduce the deficit and establish priorities for federal spending. An important part of that process will be to slice the wasteful business subsidies that make up what has been called "corporate welfare."

Neither the original Clinton budget nor the House and Senate Republican budget now being enacted would curb this spending adequately. Interest groups that receive the subsidies have been mobilized to keep them flowing. But an attack on corporate welfare ought to be the starting point when the Clinton administration and Congress get down to serious discussions later this summer.

Mr. Clinton has been having fun with the Republicans, watching them struggle with their pledge to balance the budget by 2002. He has attacked their controversial prescriptions for savings in Medicare, education and low-income assistance, while refusing to suggest any measures of his own to eliminate future deficits.

But he said last weekend that once Congress approves the Republican budget resolution he will offer a "counterbudget" that will eliminate the deficit "in less than 10 years" and then "negotiate with them in good faith."

Trimming billions of dollars of corporate subsidies is the one major step on which experts in liberal and conservative think tanks agree. All it takes is political leadership, and a degree of bipartisanship, for it to happen.

In the administration, Labor Secretary Robert Reich has been the strongest voice for curbing corporate welfare. But little of his thinking was reflected in the budget Mr. Clinton submitted earlier this year. Among congressional Republicans, John Kasich of Ohio, the House Budget Committee chairman, has been the most outspoken in promising that Republican donors and Fortune 500 fat cats would not be spared in the economy moves. But he was blocked by conservative elders from doing some of the major things he hoped to do.

The convergence of views on this issue among courageous people

on the political left and right is most conspicuous in the think-tank world. Ralph Nader's Public Citizen organization, the liberal Center on Budget and Policy Priorities and the libertarian conservative Cato Institute all agree on the need to cut corporate welfare. Cato has listed 129 programs totaling \$87 billion a year that fatten the treasuries of private industry. They range from export promotion funds for giant food processors to transportation and interest-rate subsidies for manufacturers and utilities and the underwriting of recreation programs for workers in defense industries.

The think tanks have been joined in this battle by the centrist Democratic Leadership Council, which served as a launching pad for Mr. Clinton's presidential candidacy. Its chief economist, Rob Shapiro, promotes a strategy he calls "cut and invest": trim the special-interest subsidies, he says, and invest the savings in deficit reduction and in programs to produce a better-educated, more skilled work force.

All that is needed to make "cut and invest" a political reality is

leadership from the White House and Capitol Hill. The budget cutters could start in almost any department of government. The Cato report says that "every major cabinet department, including the Defense Department, has become a conduit for government funding of private industry. Within some cabinet agencies, such as the Department of Agriculture and the Department of Commerce, almost every spending program underwrites private businesses."

The direct subsidies are small potatoes compared to the special-interest tax loopholes remaining in the Internal Revenue Service code. Mr. Kasich had targeted \$25 billion of them for closing — until other Republican leaders told him he was threatening to step on toes they had promised to protect.

There are deals here that are just begging to be shut down. The rewards go beyond the billions that could be put to better use. A bipartisan attack on corporate welfare could be a major step toward curing the cynical view that the big boys always win and the most vulnerable Americans always lose when Washington swings its economy ax.

The Washington Post.

Time to Recognize Vietnam

Twenty years have passed since the North Vietnamese Communists won the Vietnam War, but Washington has yet to extend full diplomatic relations to Hanoi. With specialists satisfied that Vietnam is cooperating fully in the search for remains of missing Americans, President Bill Clinton should take the advice of top aides and recognize Vietnam before 1996 election pressures encourage further delay.

The main obstacle has been manipulation of the prisoner-of-war issue by Republican politicians, beginning with Richard Nixon at the time of the Paris peace accord. Last week two presidential aspirants, Phil Gramm and Bob Dole, joined Senator Robert Smith to propose legislation instructing the president not to normalize relations until Vietnam fully discloses all information about the 1,619 Americans still listed as missing in action.

That is a condition that is never likely to be met. The vast majority of names on the missing list represent probable combat fatalities in which no body was ever recovered. Vietnam today is doing all that can

be expected of it in the search for American remains. Senator John McCain, himself a Vietnam prisoner of war for five years, concurs with this view and urges the Clinton administration to normalize ties (see opposite page).

Vietnam, with more than 70 million people, has been pursuing market reform policies since the late 1980s and is now one of Asia's hottest markets for investment and trade. Delaying diplomatic relations keeps American businesses at a disadvantage compared with their European and Asian rivals. Vietnam also serves as a potential strategic counterweight against an increasingly unpredictable China.

Normalization would have been politically easier for George Bush, a decorated World War II veteran who served on the Nixon administration's national security team. Instead, Mr. Bush laid out a "road map" of steps for Vietnam to follow in win recognition. According to Mr. McCain, among others, Vietnam has now substantially met all of Mr. Bush's tests. It deserves recognition in return.

— THE NEW YORK TIMES.

Three Decades of Service

We are trying to recall a moment in the past several decades when someone or other — or this political group or that party wing or the other lobby — wasn't mad at Les Aspin. And we come up empty. That is because the former defense secretary and chairman of the House Armed Services Committee, who died of a stroke at the age of 56 on Sunday, was above all a man engaged in the most important, high-stakes issues of his time.

From his days as a college academic star and then a Defense Department whiz kid, as an internal government Vietnam War critic, a teacher and, for 22 years, a member of Congress from Wisconsin, Les Aspin never lost either his capacity to master the most complicated issues of public policy or his frankly kid-like, ebullient enthusiasm for trying to resolve them. He was also a politician, and generally a pretty successful one.

Some of the problems that Mr. Aspin had, especially on Capitol Hill, were the all but inevitable lot of anyone trying to navigate the shoals of military defense policy in a (then) majority Democratic Party that was bitterly and irreconcilably divided between hawks and doves. His own inclinations evolved from the more dovish to the more hawkish over the years.

As Bill Clinton's first defense secretary, Mr. Aspin had the equally challenging job of trying to reconcile Pentagon thinking with Democratic Party thinking in the matter of Mr. Clinton's proposals for altering the status of homosexuals in the military. His most notable accomplishment as secretary was the review of Pentagon budgeting and procurement procedures that he worked up in his 11 months there. His most notable public stand was that taken — rightly, in our view — in support of President George Bush's policy on Kuwait at a time when so many other Democratic Party leaders in Congress were in doubt or in flight.

Mr. Aspin was humiliated by being pushed out of the Defense Department by Mr. Clinton and the other rivalrous members of Mr. Clinton's national security team. But the thing about the former defense secretary was that he couldn't stay humiliated or give vent to personal

bitterness over such things. He came back to serve as head of the Clinton advisory group reviewing national intelligence.

The faults for which Mr. Aspin was allegedly fired — imprecision, inability to manage the huge defense establishment and slowness in coming to clear-cut action decisions — were presumably real. Such defects would certainly go with the general makeup of the man: intellectually restless, always turning the thing over and over in his mind, more given to trying to imagine and grasp all the aspects of a problem than to measuring or indexing them.

But you need only read the recently published confessional book by Mr. Aspin's predecessor and onetime employer, Robert McNamara, to understand, as well, that an opposite, super-efficient turn of mind is not exactly the key to defense policy salvation. Maybe Les Aspin was the wrong man for his months in the Clinton cabinet. The same cannot in any respect be said of his roughly three decades of productive public service.

— THE WASHINGTON POST.

Other Comment

An Arm of Cuban Tyranny

The Clinton policy on Cuba represents a sharp, shocking departure from the U.S. tradition of offering political asylum to refugees from Fidel Castro's extremely repressive, utterly unformed dictatorship. When the U.S. intercepts and returns Cuban refugees, the U.S. Coast Guard makes itself an arm of Fidel's tyranny. The administration made no demands and secured no concessions for providing Fidel Castro the services of the U.S. Coast Guard to enforce Cuba's laws. It made no arrangements for monitoring the fate of those refugees forcibly returned. The U.S. policy of helping police this police state will surely give encouragement to the most repressive elements in Cuba's government. Alas, The president should not make agreements which violate fundamental American principles.

— Jeane Kirkpatrick, writing in a syndicated column.

The Christian Coalition? Read Between the Lines

By Richard Cohen

WASHINGTON — Pat Robertson probably smiles in his sleep. I am less certain about Ralph Reed, the executive director of the Christian Coalition, which Mr. Robertson founded. Actually, they should both be laughing. In seven years, they have managed to convert a once-mocking religious-based movement into an institution that, if not as American as cherry pie, is at least as harmless.

Such is the impression you would get from reading the Christian Coalition's "Contract with the American Family." Superficially, it is an innocuous document, just 30 pages long and so reasonable that only an atheist could take offense. It does not call for the abolition of abortion. It is silent about gays, either in the military or as married couples, and when it comes to pornography it wants it only away from children — off the Internet and cable television. It does call for a constitutional amendment to restore school prayer, but only on a voluntary basis. Who could argue?

Well, of all people, Patrick Buchanan does: he finds the agenda timid. Among other things, he wants a constitutional amendment to ban abortion — and, one presumes, much more. But the Christian Coalition is a cagey outfit. It takes instruction from pollsters, as well as the Almighty, and it will not propose what its polls say the American people do not want. This is an odd position

for religious leaders to take. They are supposedly in the business of right and wrong — and abortion, not to mention homosexuality, are supposed sins. A lesser sin, I take it, is obfuscation, saying one thing while hoping to do another. In this case, the Christian Coalition's leaders have cross-dressed as moderates, pretending to be what they are not. Mr. Buchanan, who knows precisely what is in the movement's heart, is not merely criticizing; he is beckoning: Follow me.

For the moment, it won't work. The Christian Coalition is dead-set against religious conservatives endorsing any one Republican presidential candidate — not even Mr. Buchanan, whom it most adores. Mr. Reed sees an endorsement as politically ruinous, putting all the movement's eggs in one basket. He may be right. An endorsement of, say, Mr. Buchanan, might liberate Bob Dole from his pose as a cultural conservative.

The Christian Coalition is an oddly named outfit. As a coalition, it is narrowly based. Its proposed contract, for instance, was denounced by spokesmen representing Baptists, Methodists, Presbyterians, Quakers, Episcopalians, the United Church of Christ and others. They are appalled at the coalition's attempt to use the power of government in the cause of religion and they are

properly suspicious of empty words and public-relations terms that mask the truth — "voluntary prayer," for instance, when the prayer could be led by a teacher. To a little kid there is nothing voluntary about that.

The most ominous part of the contract is contained in its introduction: "This contract is designed to be the first word, not the last word, in developing a bold and incremental start to strengthening the family and restoring values." That is a hint of what the coalition intends: Give it an inch and it'll take a mile. The whole document is a shuck, a loss leader designed to draw you in. Anyone who has ever read Mr. Robertson knows that he is no respecter of the constitution's separation of church and state. He sees the two as one; and his followers know it. That explains Mr. Buchanan's criticism. He is not quibbling with where Mr. Robertson wants to go, only his timetable for getting there.

The contract is like Mr. Robertson's smile. It masks a fervor, if not weird, view of the world. It pulls its punches, couches everything in the empty language of advertising and politics, never defines its terms (whose family is it talking about, anyway?) and never honestly says where it wants America to go. The Christian Coalition calls its document a contract, but people who care about religious liberty should see it as a threat.

Washington Post Writers Group.

Beyond Grozny, a Battle to Control Oil Export Routes

By John K. Cooley

Nicosia, Cyprus — Dramatic television pictures of blazing oil refineries and storage tanks near Grozny, Chechnya's ruined capital, illustrate a prophecy by a Russian oil professional made before President Bill Clinton's visit to Moscow. "What President Boris Yeltsin will tell President Clinton," he predicted, "is that the 'police action against bandits' in Chechnya," is really part of a huge struggle over energy in the Caucasus, Caspian Sea and Central Asian regions.

When the savage fighting in Chechnya began in December, few people realized this.

Now, Grozny is recognized as one of the most critical points in Russia's battle with Iran and Turkey to control the all-important export routes toward the West for the energy reserves in and near former Soviet republics: Armenia, Azerbaijan, Georgia, Kazakhstan and Turkmenistan.

The Russian-Chechen war is disrupting both present oil operations and future plans for energy exports through pipelines. Their paths run through the Northern Caucasus to the Russian port of Novorossiysk on the Black Sea.

Turkey, the other main Black Sea power, is reaching out for trade, power and influence in the former Soviet republics inhabited by ethnic Turkic peoples in South and Central Asia. Many of these nations control vast energy wealth.

Tankers loading oil at Russian Black Sea ports have to pass

through the Turkish-controlled Bosphorus and Dardanelles straits to reach the Mediterranean and Western oil markets.

The Turkish government, fearing tanker accidents, oil spillage and blockage of the straits, is not making this easy. New regulations limit tonnages and impose strict security rules.

Partly to boost its construction business and augment its transit revenues, Turkey is lobbying for a different oil route. Ankara wants to build two long pipelines from Azerbaijan and Central Asia, through Iran and Turkey, ending at tanker terminals on the Turkish Mediterranean coast.

But Clinton administration strategists do not want Iran, the target of a draconian U.S. economic embargo, to benefit from pipeline use and revenues. And Russia worries about losing transit fees and having its Black Sea tanker fleet tied.

Iran, for its part, favors a pipeline route that would bypass Chechnya and the rest of the turbulent Caucasus. This idea, advanced by Kazakhstan and Turkmenistan, is for a relatively short oil link from the eastern Caspian region south through Iran to Iranian oil terminals on the Gulf.

Some oil professionals, to avoid Iranian territory, would build an oil conduit through Russian territory around the Caspian Sea, ending at the Russian Black Sea coast

— though this would mean using the Turkish straits.

The Russian government of Prime Minister Viktor Chernomyrdin, himself an oil expert, has joined with two other countries that are adversaries of Turkey and no special friends of Iran: Greece and Bulgaria. The technocrats of Moscow, Athens and Sofia are completing work on a new export route: Central Asian oil would be shipped to Russia's Black Sea ports of Tuapse and Novorossiysk, then across the Black Sea to the Bulgarian port of Burgas. From Burgas, a pipeline barely 200 miles long (320 kilometers) would pump the oil to the Greek port of Alexandroupolis on the Aegean Sea. This would take Turkey and Iran out of the oil game.

Whereas the main pipeline projected to cross Turkey would be about 1,200 miles long and cost \$6 billion to \$7 billion to build, Greek sources say the Greek-Bulgarian solution would cost only \$300 million.

The Bulgarian-Greek route holds considerable appeal for President Yeltsin's Moscow technocrats, and the Western oilmen doing business with them. It would cut expenses and remove exposure to the ongoing Caucasus and South Asian wars.

It also would help Orthodox Russia, working with two like-minded, congenial neighbors, Bulgaria and Greece, to keep at least a

semblance of imperial Russian presence and control in a region washed by turbulence — where Islam of both the revolutionary Iranian type and the milder Turkish variety is on the march.

The writer, an ABC News correspondent and author based in Cyprus, specializes in the Middle East. He contributed this comment to the International Herald Tribune.

Bring Back the Days of Frugality

By Paul Johnson

LONDON — The U.S. national debt is \$4.7 trillion and increasing by \$38.15 billion every four seconds, as a clock posted in the House Budget Committee bearing room reminds us.

On Thursday, the House approved a proposal to balance the budget by the year 2002. The Senate is scheduled to vote on its own plan this week. But whatever compromise plan emerges, even if made law, will not necessarily balance the budget. It will only set spending goals. Congress can ignore those goals just as it did those set by the deficit-reduction bills passed in the mid-1980s.

Meanwhile, the debt mounts, and no one, it seems, has a long-term proposal to get rid of it altogether. The burden the country will almost certainly lay on the shoulders of its children in the 21st century is disgraceful.

Americans are historically hard-working and provident, and rightly proud that they live in the world's most powerful democracy and its oldest republic. So how did they get into this mess?

It is comparatively recent. The United States has a long record of sound public finance, ever since Alexander Hamilton took over the Treasury in 1789 and introduced fiscal realism, balancing the budget for the first time.

In 1835, President Andrew Jackson actually contrived to eliminate the debt altogether. Thereafter the debt fluctuated, as is reasonable, according to the emergencies through which the nation passed.

The Civil War, World War I, the Great Depression and World War II all led to large-scale increases in the public debt. But the calms that followed these storms all saw it systematically reduced.

During the last period of debt reduction, 1946 to 1975, it was cut by half. Then an odd and sinister thing happened. With no emergency or world war or even a deep recession, the debt began to rise.

At the beginning of Ronald Reagan's presidency, it had reached \$914 billion. On his retirement, it was \$3 trillion.

Today the debt is closing in on \$5 trillion, so it is not surprising that the dollar is at a historic low against the yen and the Deutsche mark. Indeed, it could be argued that the dollar's reputation is more fragile now than at any time since the 1780s.

The reasons are not far to seek: huge increases in government employees (well over 20 percent of the work force) and in unfunded long-term liabilities (over \$15 trillion), and, not least, a colossal commitment to transfer payments (\$300 billion for poverty relief alone this year).

The United States is running the most costly welfare state in history, as well as acting — reluctantly and not consistently but certainly expensively — as the world's policeman.

Even to eliminate the deficit, let alone reduce the debt, federal spending will have to be fundamentally reformed. This will mean, among other things, ending the welfare state as it exists today.

But if at the same time taxes are to be reduced — at between 35 percent and 60 percent of personal income they are a serious brake on economic dynamism — then the cuts must be not only deep but ubiquitous.

The government must go from being a prodigal to a frugal — better yet, a stingy — spender.

That is by no means impossible. For the reform to become reality, however, there are three political prerequisites.

The first is sufficient congressional support. That has been achieved. For the first time in 40 years — longer than the U.S. welfare state has existed in fully developed form — the Scrooges have taken over from the Micawbers.

There appears to be a majority in both the House and Senate for some sort of balanced-budget strategy, and the momentum for reform appears to be growing.

The second prerequisite is a popular consensus. Every sign indicates that there is one. The nation appears to be in the mood to do the right thing — even if it means sacrifices. When asked to choose between a tax cut and balancing the budget, a majority in a recent poll chose the budget.

Congress is ready for reform. So are the people. But history shows that neither means much without a dedicated leader.

Normally, the world expects such leadership to come from the president. In the past, the White House has shown a much greater concern for financial probity than Capitol Hill.

When Congress passed President Bill Clinton's deficit-reduction package during his first year in office, it did so with hardly a vote to spare in both houses. But Mr. Clinton is not a leader, though he can sometimes be persuaded that it is in his interest to be an energetic follower. No leadership will have to come from the speaker of the House, Newt Gingrich. Here is Mr. Gingrich's opportunity to transform himself from a successful gadfly into a political heavyweight. It may be necessary for him to bite the bullet and give up or put-off his cherished plan for tax cuts, as the Senate has done.

In any event, he should take up the challenge and lead the movement to transform America into a model of frugality.

The world needs such an example. All over the Third World, progress is held back by the unwillingness of governments to balance their books, even under pressure from the International Monetary Fund and the World Bank.

The ascent of the former Communist world to freedom and prosperity is impeded by precisely the same vice.

Even in Europe, which ought to know better, a dozen governments are piling up deficits and debts for fear of voters who in fact are desperate for thrifty leaders.

The United States would add immeasurably to the moral debt the world already owes it if Washington could take the lead in bringing us all back to good old-fashioned providence.

Mr. Johnson, author most recently of "Modern Times: The World From the Twenties to the Nineties," is at work on a new book, "A History of the United States People." He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Japan as Jackal

PARIS — [The Herald says in an editorial:] The story of the lion and the jackals is being performed in the Far East. Japan has fought hardly for its prey; and now come the great lions to take away from the little fellow his rightful due, accompanying the process with displays of fangs and ferocity. No wonder they have tied the little animal. He will give up the choicest bone — even Port Arthur. If we are to take precedence from *ferie nature* it is fairly safe to predict that territorial "compensations" may bother the peace of the world for some time.

1920: Resolute Mishap

NEW YORK — While engaged in the first of a series of trial races with the Vamite for the honor of defending the America's Cup

1945: Tokio in Flames

GUAM — Tokio's industrial suburb of Shinagawa was set aflame early today [May 24] by more than 550 B29s, the largest bomber force ever dispatched from the growing Marianas bases. The Superforts dropped a second cargo of 45,000 tons of incendiaries as they streamed over the target area. The attack on the suburb was the twenty-third launched at the Japanese capital and environs since B29s began their spectacular long-range assaults from Saipan on Nov. 24, 1944, six months ago today.

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OPINION/LETTERS

Still Time to Save Them
From the Prison Planes

By A. M. Rosenthal

NEW YORK — On May 13, 1939, the German passenger ship *St. Louis* left Hamburg, sailing for Havana. On board were 930 Jewish refugees, all carrying landing certificates for Cuba.

When the ship arrived, the pro-Fascist Cuban government would not let them land. For nine days, the *St. Louis* circled off Havana and Florida. On June 5, Cuba said the refugees could go ashore, if they posted a total of \$453,000, within a deliberately impossible 24 hours.

The United States refused to allow the passengers onto American soil. On June 6 the ship headed back to Europe. Since then, the United States

their minds — thus no longer refugees, you see.

Mr. Smith, head of the House human rights subcommittee, is a friend of refugees and fighter against religious persecution. He calls for a one-time operation, within existing quotas. U.S. funds would be withdrawn from forced-return operations, probably killing them.

The State Department has shown how callous it can be when it tries. When a Laotian in Colorado asked about countrymen in a Thai camp, back came a letter from Edward Wilkinson, counselor in the U.S. Embassy in Bangkok. He said they were confined in a special "detention" center. They had violated "decisions" taken at an international "technical" meeting that bars people in the camps from "actively working" against "voluntary repatriation," under pain of "appropriate" reprisals. So: Dissidents against their governments are also punished for dissenting with the international bureaucracy about their fate.

The U.S. State Department has shown how callous it can be when it tries.

has given refuge to millions from many parts of the world. They gave America their muscle and brain, and love.

Now the United States is seized with a fear of compassion, a surrender to the political campaign against immigrants. Fifty-six springs after the *St. Louis*, the country is not only turning away many refugees it would have welcomed not long ago, but is an essential co-sponsoring partner in forcing them back to countries they fled — most recently Cuba, Vietnam and Laos. For these people — including thousands who once fought on America's side — the United States has become the ship back to hell.

To make the deal with Fidel Castro to send back all Cubans picked up at sea, the Clinton administration had to work in other stealth, for fear the operation would be discovered. Neither U.S. diplomats responsible for Cuban relations, Congress nor the press found out until the clandestine deal was done, by four or five American officials, good men otherwise.

But about the Vietnamese and Laotians, we Americans will never be able to say we did not know; 47,000 of them have been in detention camps in Hong Kong, Thailand and other Asian countries for years. They are being carried there in ships, by boat, by plane, by land. They are being carried there in ships, by boat, by plane, by land. They are being carried there in ships, by boat, by plane, by land.

They are being carried there in ships, by boat, by plane, by land. They are being carried there in ships, by boat, by plane, by land. They are being carried there in ships, by boat, by plane, by land.

After the Vietnam War, many Vietnamese and Laotians were admitted to the United States. Left behind in the camps were about 5,500 Laotians who once fought for the United States and Vietnamese also once considered refugees. Some had agreed to return, but in fear changed

Some Americans friendly to refugees still languishing at America's gates are cool to attention to the Vietnamese and Laotians. That is not helpful to any refugees, but to those who want them in chains.

Maybe the Asian refugees will find help somewhere. Look at the passengers on the *St. Louis*. Turned away by Cuba and the United States, they found refuge in Britain, France, Belgium and the Netherlands after the *St. Louis* returned. Yes, they were murdered soon enough. But of course the Germans did that, not China or Americans.

The journey of the *St. Louis* was sometimes called the voyage of the damned. But that does not tell us, does it, exactly who were the damned, and at what moment damnation took place.

The New York Times.



Why Vietnam Should Be Recognized

By John McCain

The writer, who was a prisoner of war in Vietnam for five years, is a Republican senator from Arizona.

WASHINGTON — In 1991, the Bush administration proposed a "road map" for improving U.S. relations with Vietnam. Under its provisions, Vietnam was required to help secure a political settlement of the Cambodian conflict; take unilateral, bilateral and multilateral steps to help the United States account for its missing servicemen; and release from so-called re-education camps all remaining South Vietnamese government and military officials. In response, the United States would move incrementally toward fully normalized relations.

Although the Vietnamese never formally accepted the road map, they are acutely aware that they have met most of its conditions. Vietnam's cooperation warrants the immediate normalization of diplomatic relations. It would be unfair, injurious to the credibility of the United States and beneath the dignity of a great nation to evade commitments that were freely undertaken.

The issue involved in our relations of greatest importance to the American people is the accounting for our missing service-

men. Vietnam's cooperation with the United States on this issue is extensive and has increased since we lifted our trade embargo against Vietnam last year. The judgment is shared by practically every American official — military and civilian — involved in our Joint Task Force for a Full Accounting. We have made substantial progress in determining the fates of all those missing for whom we can reasonably expect an accounting. The Vietnamese government even allows us to excavate Vietnamese cemeteries in our search for American remains.

There remain only 55 cases that offer even the slightest hope that the servicemen to question did not die at the moment of their initial loss and that we think might be resolved through joint investigation with Vietnam or possibly through unilateral action on the part of the Vietnamese. Normalization might also aid reform forces in Vietnam.

Although it is probably impossible for American policymakers to fully comprehend the obscure workings of power in Hanoi, we can, at least, demonstrate that there are benefits to seeking accommodation with the United States. Of even greater concern is the balance of power in the region. If decentralization and other political dynamics within China today do not lead to the system of reform of the regime and the restraint of Chinese imperialism, the United States will likely confront China as our number one security problem.

It is, therefore, absolutely in our national security interests to have an economically viable Vietnam strong enough to resist, in concert with its neighbors, the heavy-handed tactics of its great power neighbor. That reason, more than any other, urges the normalization of our relations and makes Vietnam's membership in the Association of South East Asian Nations, and the increasingly responsible role Hanoi is playing in regional affairs, a very welcome development.

Four years ago, former Vietnamese Foreign Minister Nguyen Co Thach grasped a truth that had eluded some of his Polithuro comrades. "Vietnam," he told me, "must accept the destiny of a small country." Vietnam has come a long way in the past five years toward accepting that destiny, and the United States should recognize that progress has been made and should relinquish its lingering resentments from the war.

The Washington Post.

LETTERS TO THE EDITOR

Cambodian Returnees

Regarding "A Good United Nations Job in Cambodia" (Opinion, April 29) by Elizabeth Becker: The writer's optimistic view of Cambodia masks a bitter aspect of life for many Cambodians. How can we dismiss some of the consequences of the UN presence in Cambodia: its effect on the cost of living, the widening gap between rich and poor and the sudden explosion of prostitution? As for the refugees, 350,000 were indeed returned to their country, but what impact has their return had on their already impoverished community? Under what conditions do they live today?

Although the international community heralded the repatriation as an early success, a 1993 World Food Program report mentioned that 60 percent of the returned Cambodians had fallen into the "vulnerable" category, those unable to feed for themselves. According to the same source, 90 percent of the returnees to whom the United Nations promised land, vital for their livelihood, in fact found themselves landless. This, coupled with the inability of the United Nations to develop the promised short-term re-

integration projects, meant that thousands of women and children were forced to scrape by, surviving only by gathering wood in mine fields. Since then, many of them have been displaced, but the health centers, deprived of doctors and medicines, are still inundated with tuberculosis patients, and the continued fighting in some areas, coupled with the failure of effective reintegration of these refugees, has meant that they have found no place to live in Cambodia.

YVETTE PIERPAOLI
European Representative
Refugees International
Services, France.

An Arafat Appointee

Regarding "Arabs Warn U.S. on Jerusalem Embassy" (May 10): The report states that "Sheikh Khalifa Sabri, the mufti of Jerusalem — the top Muslim religious official in the city — said the plot [for the prospective U.S. Embassy] had been confided by Israel from the Islamic Trust." Sheikh Sabri is Chairman Yasser Arafat's appointee. A report by the nonpartisan Peace Watch found that his appointment clearly violated Annex II, Article 5 of the Declaration of

the Principles, as well as the Gaza-Jericho Agreement. The highest Muslim authority in Jerusalem is the mufti appointed by King Hussein of Jordan. The United States demonstrated that the Islamic Trust did not own the land and that title to it was clear when it was leased by the U.S. government. However, it failed to observe that Sheikh Sabri, being an illegal appointee, had no authority to speak for the Islamic Trust. Evidently, not embarrassing Chairman Arafat is a component of U.S. and Israeli government policy.

JOSEPH LERNER
Jerusalem.

Eloquent Testimony

Samuel Fias's account of his liberation by American troops at the end of World War II ("Then Came the Five-Pointed Star of Life and Freedom," Opinion, May 8), moved me to tears. May I respectfully suggest that copies of his address be hand-delivered to Senator Jesse Helms and other members of the Senate Foreign Relations Committee, and that you consider reprinting this eloquent testimony annually on the anniversary of V-E Day?

STEVEN BACH
Munich.

BOOKS

PAULA

By Isabel Allende. Translated by Margaret Sayers Peden. 330 pages. \$24. HarperCollins.

Reviewed by Gabriella DeFerrari

ISABEL Allende's new book, "Paula," is more than a memoir. It is a tender, moving and vivid record of a mother's agony at the bedside of her daughter — a 27-year-old who succumbed to a hereditary disease called porphyria and, because of a doctor's misdiagnosis, lay in a coma for a year before dying. The book moves through dark territories from desperation to that most searing acceptance of that most searing of losses, the premature death of a child.

Like Allende's brilliant novel "The House of Spirits," which uses a farewell letter to the protagonist's dying grandfather as its point of departure, "Paula" begins as a long letter — this one to Allende's unconscious daughter as a way of giving her back the life that is ebbing away.

But although Paula's illness sparked the writing of this book, "Paula" tells us little about Allende's daughter beyond the parameters of her brief life. The book is really about Allende and her family.

Allende tells us how she did not begin to write fiction until 1981, when she was 40. By then she had tried several avenues that had left her unsatisfied. Born in Peru, the daughter of a

diplomat who abandoned his family when Allende was very young, she returned to Chile with her mother to the home of her maternal grandparents. There she grew up in a large, extended family headed by her grandfather and presumed clairvoyant grandmother.

A niece of Salvador Allende, she was a close witness to this enigmatic man's life and tragic end. President Allende's fall from power made it impossible for Isabel Allende and her family to remain in Chile. The account of her last hours in Santiago is moving, as are the descriptions of life in Pinochet's tormented Chile. Transplanted to Venezuela, with a husband she no longer loved, two children, no job, approaching the middle of her life, Allende was forced to assess her existence.

In Chile she had worked as a tabloid journalist and as a minor television personality. Now, in exile, she was forced to acknowledge that her life had been mediocre and unsatisfying. Then, too, it became apparent that her marriage, to a rather phlegmatic Anglo-Chilean, was over.

Her writing eventually brought her to California on a book tour, where she met Willie, the man who changed her life. She now lives on the northern California coast.

It took the success of three novels for Allende to admit to herself that she was a writer. For her writing has become a tool for survival, an accord be-

tween the real and the imagined life. We learn of people who give her the gift of their story, from her clairvoyant grandmother, who dictated to the author as she wrote "The House of Spirits," to the victims of the atrocities during the Pinochet years, who pursued her with their stories until she was forced to write them. Writing,

Allende tells us, is a ritual to which she summons spirits: "I do not choose the subject, the subject chooses me."

Gabriella DeFerrari, author of the forthcoming memoir, "Gringa Latina: A Woman of Two Worlds," wrote this for The Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

| The Week | Book | Author | Last Week | Wk. on List |
|----------|-------------------------------------|------------------------|-----------|-------------|
| 1 | THE RAINMAKER | by John Grisham | 1 | 4 |
| 2 | LET ME CALL YOU SWEETHEART | by Mary Higgins Clark | 2 | 2 |
| 3 | THE CELESTINE PROPHECY | by James Redfield | 3 | 64 |
| 4 | LAUDER OF YEARS | by Anne Tyler | 4 | 4 |
| 5 | POLITICALLY CORRECT BEDTIME STORIES | by James Finn Garner | 5 | 40 |
| 6 | MOJO | by Jane Smiley | 6 | 7 |
| 7 | BEAUTY FROM ASHES | by Eugenia Price | 7 | 13 |
| 8 | THE BRIDGES OF MADISON COUNTY | by Robert James Waller | 8 | 145 |
| 9 | ONCE UPON A MORE ENLIGHTENED TIME | by James Finn Garner | 9 | 1 |
| 10 | BORDER MUSIC | by Robert James Waller | 10 | 13 |
| 11 | A DOG'S LIFE | by Peter Mayle | 11 | 7 |
| 12 | THE CAROUSEL | by Peter Mayle | 12 | 2 |
| 13 | CHILDREN OF THE JEDI | by Barbara Hambly | 13 | 4 |
| 14 | ESSENTIAL MESSAGE DOWN UNDER | by Mario Moragas | 14 | 21 |
| 15 | PHILOMENA WOMAN | by Mary Maguire | 15 | 9 |

| NONFICTION | 12 months | % | 3 months |
|---|-----------|---------|----------|
| | FREE | SAVINGS | FREE |
| 1 IN RETROSPECT, by Robert S. McNamara with Brian Van DeMat | 1 | 3 | |
| 2 THE HOT ZONE, by Richard Preston | 2 | 31 | |
| 3 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Berendt | 3 | 21 | |
| 4 SISTERS, by Carol Saline | 4 | 20 | |
| 5 THE DEATH OF COMMON SENSE, by William K. Howard | 5 | 13 | |
| 6 FROM BEGINNING TO END, by Robert Fulghum | 6 | 4 | |
| 7 MY LUCKY STARS, by Shirley MacLaine | 7 | 2 | |
| 8 LISTEN TO MY HEART, by Kathie Lee Gifford | 8 | 11 | |
| 9 MODEL, by Michael Gross | 9 | 13 | |
| 10 PAULA, by Isabel Allende | 10 | 9 | |
| 11 THE BOOK OF VIRTUES, by William J. Bennett | 11 | 12 | |
| 12 THE DIARY OF A YOUNG GIRL, by Anne Frank | 12 | 7 | |
| 13 COUPLEDHOOD, by Paul Reiser | 13 | 36 | |
| 14 LIZ, by C. David Heyman | 14 | 15 | |
| 15 BEING DIGITAL, by Nicholas Negroponte | 15 | 14 | |

| ADVICE, HOW-TO AND MISCELLANEOUS | 12 months | % | 3 months |
|---|-----------|---------|----------|
| | FREE | SAVINGS | FREE |
| 1 MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray | 1 | 104 | |
| 2 IN THE KITCHEN WITH ROSIE, by Rosie Day | 2 | 50 | |
| 3 THE SEVEN SPIRITUAL LAWS OF SUCCESS, by Deepak Chopra | 3 | 9 | |
| 4 MARS AND VENUS IN THE BEDROOM, by John Gray | 4 | 3 | |

Kids Are Safe in Cyberspace

By David S. Bennahum

NEW YORK — We cannot stand idly by while children are subjected to pornography and smut on the Internet.

Senator Jim Exon warns. His proposed solution, hastily debated and passed by the Senate Commerce Committee, will do little to curb people intent on abusing children or purposefully exposing them to pornography in cyberspace.

The bill, known as the Communications Decency Act, is scheduled to reach the U.S. Senate floor early next month as part of a mammoth telecommunications package. It would punish anyone convicted of sending obscene material through computer networks with up to a \$100,000 fine and two years in prison.

That doesn't only mean individuals distributing pornography. It could also mean erotic love letters distributed by E-mail or sexually explicit fiction.

According to Mr. Exon, Democrat of Nebraska, cyberspace is a dangerous jungle of interconnected networks where pedophiles and pornographers roam freely. By stopping obscenity in cyberspace, you protect children, the logic goes.

To understand the real magnitude of the supposed problem, and the foolishness of the solution, you have to speak with children, go on line and experience cyberspace with them. You will find a world far different from the jungle Mr. Exon that perceives.

Cyberspace is their world. Of the 6.8 million households with on-line accounts, 35 percent have a youngster under 18, and the average age on the Internet is 23 and falling.

With such a dense concentration of children in one "place," picking up kids in cyberspace should be like "shooting fish in a barrel," according to Fred Cotton of Search, an organization that deals with computer crime.

Yet, for all the talk of adults stalking children on line, there are few cases involving face-to-face contact initiated by a meeting in cyberspace, according to Ernie Allan, the director of the National Center for Missing or Abused Children. The numbers are low because, for the most part, children know enough not to give their addresses to strangers or agree to meet with them.

"You can really get into serious situations when people ask you questions on line," a 15-year-old girl explained to me

over the Net, it's usually spoolaceous and unexpected — like an obscene phone call. For example, you may be discussing baseball on line, and suddenly a new arrival makes offensive remarks. You can always leave the discussion, and in any case cyberspace has its own restraints; harassers face the scorn of the crowd and the possibility of their on-line account getting revoked.

As in real life, kids form cliques and circles of friends. Word-of-mouth and group opinion serve as a potent and protective barrier. You can also block the receipt of electronic mail from specific people.

If children actively seek out obscene material, stopping them is much more difficult. But as a 14-year-old girl pointed out to me, "If a kid wants to look at dirty pictures and he can't find them on line, he'll find them somewhere else."

Mr. Exon's proposal does not address the real problem of pornography in cyberspace — namely, that since a lot of material inappropriate for children isn't legally obscene, it would be as available in cyberspace as it is on a newsstand. The Communications Decency Act says nothing about rating systems.

Cyberspace, with 20 million users worldwide, connecting 145 nations, is too rich and complex an environment for a law as general and misinformed as the Communications Decency Act. The Clinton administration, concerned that the Senate will vote without a real understanding of the issues at stake, let alone knowledge of how cyberspace functions, asked the Senate to hold hearings on the act before voting.

The Senate has no formal plans to do so. That is a mistake. Cyberspace is a resource too precious to submit to dangerously simplistic legislation. Congress should educate itself on this environment before considering Mr. Exon's indecent proposal.

Mr. Bennahum is writing a book titled "Coming of Age in Cyberspace." He contributed this column to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

When obscene material comes

meanwhile

ent go about their business, oblivious to what is happening.

Today's version makes much of the fact that in cyberspace there are no walls or doors for parents to lock. Yet the Exon bill would do nothing to stop the seduction of children in cyberspace. Pedophiles do not harass or send obscene material to their intended victims. They

form friendships. Sending vulgar messages erodes the essential ingredient required for a meeting: trust. For things to get out of hand, children must agree to a face-to-face meeting. Stopping that from happening is beyond the reach of federal law. It requires parents and children to set rules about meeting friends made on line.

And it turns out that the technology that allows the wolf to hide behind a friendly face is the same technology that protects children.

In a text-based medium like cyberspace, children hold all the cards: They can conceal their sex, age and location. This privacy not only protects them from physical harm, it is also powerfully liberating. In such an environment, role-playing thrives. Children can represent themselves as adults, adults assume the person they're chatting with is a peer. This bends the boundaries normally erected between adults and children. Most of the time the collapse of these boundaries is not harmful.

Children, like adults, go on line to communicate and explore, but they also use resources like forums devoted to specific subjects, electronic libraries and encyclopedias.

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| France | F.F. | 1,950 | 40 |
| Germany | D.M. | 700 | 32 |
| Great Britain | £ | 210 | 210 |
| Ireland | £ | 230 | 37 |
| Italy | Lire | 470,000 | 50 |
| Luxembourg | L.Fr. | 14,000 | 41 |
| Netherlands | Fl. | 770 | 40 |
| Portugal | Esc. | 47,000 | 44 |
| Spain | Ptas. | 48,000 | 41 |
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| Switzerland | S.Fr. | 610 | 185 |

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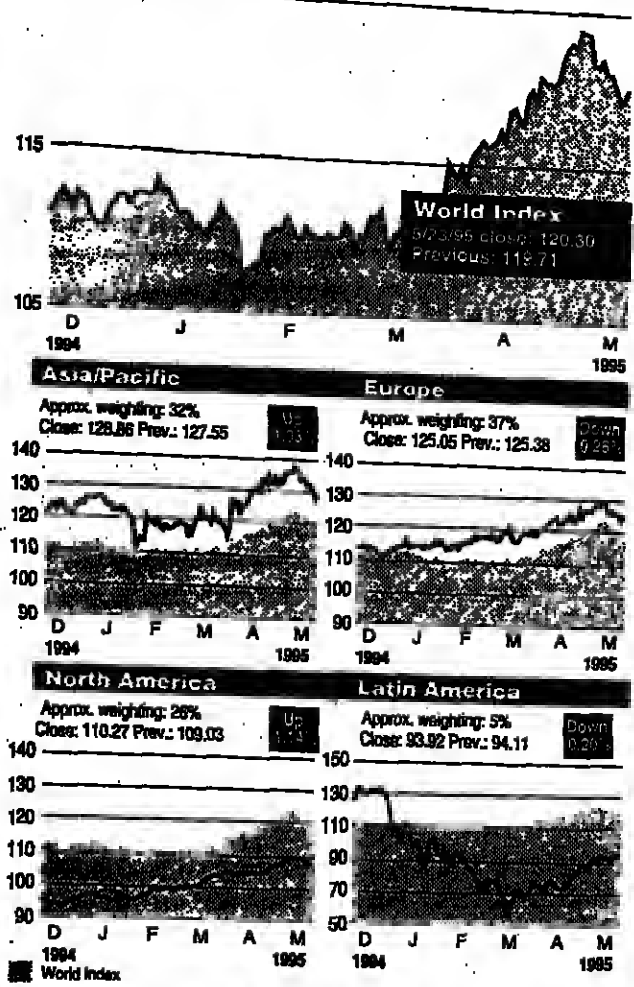
Herald Tribune
INTERNATIONAL
THE WORLD'S DAILY NEWSPAPER

WEDNESDAY, MAY 24, 1995

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THE TRIB INDEX: 120.30

International Herald Tribune World Stock Index, composed of 280 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the top 100 stocks are tracked.

| Industrial Sectors | Tot. Value | Prev. Close | % Change |
|--------------------|------------|-------------|----------|
| Energy | 125.33 | 124.94 | +0.31 |
| Utilities | 131.05 | 131.36 | -0.24 |
| Finance | 118.82 | 117.80 | +0.70 |
| Services | 113.85 | 113.28 | +0.24 |

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Toyota Profit Up But Yen Looms

Compiled by Our Staff From Dispatches
TOKYO — Toyota Motor Corp. said Tuesday that strong sales and cost-cutting measures helped it post a current group profit of 274.8 billion yen (\$3.2 billion) in the nine months to March 31.

That tops the 236.5 billion yen in the nine-month period earned for all of the 1993-94 financial year. Because Toyota is switching the end of its financial year to March from June, comparable year-ago results were not available.

Sales reached 8.12 trillion yen in the nine-month period. Sales for all of the previous financial year were 9.36 trillion yen. Toyota sold 1.56 million vehicles in Japan in the nine-month period, with 1.7 million sold overseas.

The company posted a net profit of 131.9 billion yen for the period, topping the 125.8 billion earned in all of the previous financial year.

But Toyota forecast tough times ahead as the strong yen takes a toll and possible U.S. trade sanctions take effect. The United States has said it will slap 100 percent punitive tariffs on 13 Japanese luxury car models if Japan fails to widen access to its market for U.S. cars and car parts by the end of June.

The sanctions list includes all five Lexus models, of which Toyota sells some 87,000 a year in North America.

The sanctions could "inflict great damage on Toyota," said Hiroshi Okada, an executive vice president.

"Toyota could face a critical situation in its first half," said Noriyuki Matsushima, a senior analyst at Nikko Research Center. "It may post a loss in the first half unless it makes efforts to cope with the strong yen."

(Reuters, AP, Bloomberg, AFX)

A Last Gamble at Lloyd's After Huge Losses, Settlement Sought

By Erik Ipsen
International Herald Tribune

LONDON — After centuries of crafting insurance policies to cover some of the world's most exotic risks — from pianists' fingers to starlets' legs — Lloyd's of London addressed the trickiest risk of all on Tuesday: itself.

At what David Rowland, Lloyd's chairman, acknowledged was a "critical juncture" in the 300-year history of the venerable insurance market, Lloyd's unveiled a £2.8 billion (\$4.4 billion) settlement offer designed to end years of costly litigation with its thousands of wealthy individual members.

Virtually lost, however, in the plethora of proposals to create what market executives termed a "new Lloyd's," free of the problems of the past, was the announcement of a huge annual loss for the market.

Lloyd's, which reports its earnings three years in arrears, said Tuesday that it lost £1.2 billion in 1992, bringing the total loss in the past four years on account to about £8 billion. Disasters such as the Exxon Valdez oil spill in 1989 contributed heavily.

The centerpiece of the package announced Tuesday, however, was a settlement offer to the so-called Names, individual Lloyd's members whose assets have traditionally backed its policies. It included a proposed £2 billion in credit to be used by Names to help meet their debts to Lloyd's, plus £800 million in cash earmarked for settlement of outstanding legal claims against the market by the Names.

Crucially, the package also included a new framework for Equitas, the entity that Lloyd's plans to set up next spring to take over all risks on policies written before 1993. To meet potential claims on those policies, Equitas would need a capital base of a staggering £16 billion.

Through Equitas, Names would hope to get one thing that many insist they want more than anything — a final cap on their losses. In the future, beleaguered Names wishing to wash their hands of Lloyd's would, in theory, be able to pay Equitas a premium and be assured, in the words of Mr. Rowland, that Lloyd's "will not chase them anymore" to recover their debts.

In essence, Equitas would offer Names an insurance policy against their future losses on policies covering things like asbestos poisoning and pollution, claims the full scale of which is typically not known for many years, or even decades.

"We are offering Names reinsurance, not absolution, from risks written in the past," Mr. Rowland said.

Although Names will not vote on the proposals until next spring and are expected to continue their litigation in the interim, early indications from a number of groups representing Lloyd's Names suggest that such a cap coupled with the settlement offer may well end the acrimony.

"I think this plan will go down quite well with the Names," said Robert Miller, a consultant with the Association of Lloyd's Members, which represents nearly 10,000 active Names. "It should get Lloyd's out of all of its problems."

The Names' reaction is crucial. Lloyd's desperately needs its members to abandon their efforts to seek compensation through the courts and to start paying off their debts to the market. At the end of last year, roughly 8,000 individual Names owed £2.2 billion to Lloyd's, money that is urgently needed if Lloyd's is to honor the claims against its myriad insurance policies.

"Unless we deal with problems in this area," declared Mr. Rowland, "we haven't got a future."

U.S. Accuses EU Of Favoring Managed Trade

By Alan Friedman
International Herald Tribune

PARIS — President Bill Clinton's top trade officials accused the European Union on Tuesday of favoring managed trade after Brussels opposed America's tactics in its dispute with Japan.

Mickey Kantor, the president's trade envoy, and Ronald H. Brown, the commerce secretary, were reacting to repeated charges by Sir Leon Brittan, the European trade commissioner, that it was illegal for the United States to threaten to impose \$3.9 billion of punitive tariffs on Japanese goods.

Mr. Kantor cited an array of European restrictions on Japanese car imports, criticizing European rules that require 60 percent local content in all Japanese cars. He said in an interview that Sir Leon was "somewhat confused" and that European criticism of possible U.S. sanctions was hypocritical.

"How can they criticize us when they themselves maintain a closed market to the Japanese?" Mr. Kantor asked, accusing the European Union of favoring a policy of "managed trade."

Mr. Brown, speaking as he emerged from the annual ministerial meetings of the Organization for Economic Cooperation and Development, said "the Europeans are going to be a major beneficiary of our success with the Japanese." He added that "it is a little frustrating when those who benefit from what we do are publicly not supporting us."

Several diplomats here said, however, that once the shouting was over, they expected some serious, behind-the-scenes, talking to begin.

Ryutaro Hashimoto, Japan's trade minister, said in an interview that Japan found support from Sir Leon "encouraging." Mr. Hashimoto added he hoped

the trade dispute could be resolved by the time leaders from the Group of Seven industrialized countries meet in mid-June in Halifax, Nova Scotia. He added that this could happen only if "the United States will change its position."

Günter Rexrodt, Germany's economics minister, said "we are interested in a friendly solution otherwise this could impact world trade." He said he could imagine a solution by the time of the Halifax meeting being "possible."

Mr. Rexrodt distinguished himself from most other European delegates, who were critical of the U.S. sanctions threat, by saying that "in general I feel closer to the Americans." He added, however, that U.S. manufacturers should not expect to reap benefits in Japan overnight "when German car companies have invested over a long time, and made more efforts, and sell more cars."

The OECD meetings here, in which plans for a new investment treaty and the need to fight unemployment were discussed, were almost completely eclipsed by the U.S.-Japan trade dispute.

Renato Ruggiero, the new director-general of the World Trade Organization, meanwhile made his debut here in a round of separate consultations with the Americans, Japanese and Europeans.

Although he made clear that no negotiations had been held, Mr. Ruggiero did stress that Mr. Kantor had assured him Washington would respect any ruling made by the WTO on its dispute with Tokyo. Both the United States and Japan have brought their complaints to the WTO.

Mr. Ruggiero also tried to reduce tension between the United States and Japan, saying "I would not want to over-dramatize things."

Boeing Widens Job-Cut Plan

By Lawrence M. Fisher
New York Times Service

Boeing Co. said Tuesday that it expected to eliminate an additional 5,000 jobs this year, bringing total job cuts in 1995 to 12,000. The move was intended to reduce costs in response to increasing competitive pressures, Boeing said.

The added job cuts came at a time when the airline industry has returned to profitability after four years of losses. But Boeing executives said the duration of the recession had raised doubts

about how soon airlines would be ready to order new airplanes. They also said that to remain competitive with Europe's Airbus Industrie consortium and other aircraft manufacturers, Boeing had to continue to reduce costs.

Boeing shares closed Tuesday at \$56.87, up 62.5 cents, on the New York Stock Exchange. Analysts said the increased cuts were not surprising in light of an early-retirement program announced by Boeing last month. So far, more than 6,000 of the approximately 13,000 employees eligible to take advantage of the program have declared their intention to retire.

The Web Comes to Cannes

By Walt Baranger
New York Times Service

NEW YORK — Those who are sure their invitations to the Cannes Film Festival were lost in the mail, as well as those never likely to get there, can do their stargazing by computer for the next few days on a series of World Wide Web sites dedicated to covering the glitz and the glory.

Created by people from Japan to New York, three Web sites have found corporate sponsors to help defray costs of computers and staff, in what amounts to an experiment in covering a news event over the Internet.

The festival, which runs until Sunday, is as famous for its rampant partying as for its films, and two Web sites — Palme d'Or and Cannes on Cyber — dedicate nearly as much space to gossip and parties and what they call "buzz" (as distinct from gossip) as they do to motion pictures and directors.

Early in the festival, which began May 17, blank spaces and huge text files dominated the three Web sites. But they were designed to expand with

film clips or celebrity tidbits as the festival progressed.

Cannes on Cyber, based in Japan, led to an Air France Web page featuring movie stars posing near, boarding on, riding in and alighting from all sorts of Air France planes. They also included Louis Lumiere, co-inventor of the motion-picture camera.

The Palme d'Or site, based in France and sponsored by

Related Web sites:

- CANNES ON CYBER
http://cannes.cyber.ad.jp/~cannes/
- PALME D'OR
http://www.cannes.zds.softwayworld.net/http/cannes/palme.html
- MR. JENKINS GOES TO CANNES
http://www.interactive.com:80/cannes/
- THE SUNDANCE FILM FESTIVAL
http://interport.net/festival/int.ro.html

NYT

Thorn EMI To Get Into Multimedia

Compiled by Our Staff From Dispatches

LONDON — Thorn EMI PLC said Tuesday its EMI Music division would expand into multimedia entertainment through ventures with Apple Computer Inc. and Virgin Interactive Entertainment.

EMI Music plans to produce interactive CD-ROM products that will combine hit music titles with video images.

Thorn EMI said pretax profit fell 17 percent, to £271.1 million, in the year to March 31. Sales rose 5 percent, to £4.51 billion. The company recorded special charges totaling £126.9 million.

Sir Colin Southgate, chairman of Thorn EMI, said the company would consider a spin-off of the unit. Analysts said that prompted a rebound in the company's share price after an early morning decline. Thorn EMI shares rose 10 pence, to 1.217.

Profit at EMI Music, which represents artists such as the Rolling Stones and Garth Brooks, rose 20 percent, to £294.9 million, as sales rose 24 percent, to £2.19 billion.

Thorn, which also rents consumer electronics equipment and retails music, said pretax profit before charges rose 23 percent, to £423.6 million.

(Bloomberg, AFX)

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CURRENCY & INTEREST RATES

| Cross Rates | May 23 | Eurocurrency Deposits | May 23 |
|-----------------|--------|-----------------------|--------|
| American dollar | 1.0000 | Dollar | 1.0000 |
| British pound | 0.6554 | D-Mark | 1.9363 |
| French franc | 6.5595 | Swiss franc | 1.4536 |
| German mark | 1.9363 | Sterling | 1.9363 |
| Italian lira | 2.3636 | Yen | 163.89 |
| Japanese yen | 163.89 | Yen | 163.89 |
| Spanish peseta | 166.64 | Yen | 163.89 |
| Swiss franc | 1.4536 | Yen | 163.89 |
| U.S. dollar | 1.0000 | Yen | 163.89 |

NYSE

Nationwide prices, not reflecting late trades elsewhere
The Associated Press

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Continued on Page 16

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|--------|--------|--------|-----|-----|----|------|-----|-----|-----|---|
| 20 1/2 | 21 1/2 | Poodle | 180 | 7.0 | 16 | 603 | 25% | 25% | 25% | - |
| 34 1/2 | 24 1/2 | PapBoy | 19 | 6 | 73 | 709 | 29% | 36% | 29% | - |
| 40 1/2 | 29 1/2 | PapBoy | 200 | 18 | 70 | 1438 | 45% | 44% | 45% | - |
| 13 1/2 | 25 1/2 | ParkEl | 68 | 2.0 | 19 | 1617 | 31% | 32% | 31% | - |

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| 5 1/4 | 2 1/2 | Primon | 14 | 3 1/2 | 10 | 39 | 4 1/2 | 4 1/2 | 4 1/2 | - |
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| 姓名 | 性别 | 年龄 | 籍贯 | 职业 | 住址 | 备注 |
| 王德胜 | 男 | 45 | 山东 | 农民 | 山东烟台 | |
| 李德胜 | 男 | 35 | 河北 | 工人 | 河北保定 | |
| 张德胜 | 男 | 55 | 河南 | 商人 | 河南郑州 | |
| 赵德胜 | 男 | 25 | 江苏 | 学生 | 江苏南京 | |
| 刘德胜 | 男 | 65 | 浙江 | 医生 | 浙江杭州 | |
| 陈德胜 | 男 | 40 | 安徽 | 教师 | 安徽合肥 | |
| 周德胜 | 男 | 30 | 江西 | 记者 | 江西九江 | |
| 吴德胜 | 男 | 50 | 福建 | 工程师 | 福建福州 | |
| 孙德胜 | 男 | 20 | 广东 | 演员 | 广东广州 | |
| 郑德胜 | 男 | 60 | 广西 | 农民 | 广西桂林 | |
| 冯德胜 | 男 | 48 | 湖南 | 工人 | 湖南长沙 | |
| 马德胜 | 男 | 38 | 湖北 | 商人 | 湖北武汉 | |
| 朱德胜 | 男 | 58 | 四川 | 学生 | 四川成都 | |
| 徐德胜 | 男 | 28 | 云南 | 医生 | 云南昆明 | |
| 高德胜 | 男 | 68 | 贵州 | 教师 | 贵州贵阳 | |
| 林德胜 | 男 | 42 | 陕西 | 记者 | 陕西西安 | |
| 周德胜 | 男 | 32 | 甘肃 | 工程师 | 甘肃兰州 | |
| 吴德胜 | 男 | 52 | 宁夏 | 农民 | 宁夏银川 | |
| 孙德胜 | 男 | 22 | 青海 | 工人 | 青海西宁 | |
| 郑德胜 | 男 | 62 | 新疆 | 商人 | 新疆乌鲁木齐 | |
| 冯德胜 | 男 | 47 | 内蒙古 | 学生 | 内蒙古呼和浩特 | |
| 马德胜 | 男 | 37 | 吉林 | 医生 | 吉林长春 | |
| 朱德胜 | 男 | 57 | 辽宁 | 教师 | 辽宁沈阳 | |
| 徐德胜 | 男 | 27 | 黑龙江 | 记者 | 黑龙江哈尔滨 | |
| 高德胜 | 男 | 67 | 河北 | 工程师 | 河北石家庄 | |
| 林德胜 | 男 | 43 | 山东 | 农民 | 山东济南 | |
| 周德胜 | 男 | 33 | 河南 | 工人 | 河南郑州 | |
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| 郑德胜 | 男 | 63 | 安徽 | 医生 | 安徽合肥 | |
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| 孙德胜 | 男 | 21 | 湖南 | 工人 | 湖南长沙 | |
| 郑德胜 | 男 | 61 | 湖北 | 商人 | 湖北武汉 | |
| 冯德胜 | 男 | 47 | 四川 | 学生 | 四川成都 | |
| 马德胜 | 男 | 37 | 云南 | 医生 | 云南昆明 | |
| 朱德胜 | 男 | 57 | 贵州 | 教师 | 贵州贵阳 | |
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| 林德胜 | 男 | 43 | 宁夏 | 农民 | 宁夏银川 | |
| 周德胜 | 男 | 33 | 青海 | 工人 | 青海西宁 | |
| 吴德胜 | 男 | 53 | 新疆 | 商人 | 新疆乌鲁木齐 | |
| 孙德胜 | 男 | 23 | 内蒙古 | 学生 | 内蒙古呼和浩特 | |
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The Associated Press.

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Lufthansa

ASIA/PACIFIC

HSBC Shuffles Top Management To Greet Century

Bloomberg Business News

HONG KONG — HSBC Holdings PLC said Tuesday it would shuffle several executives during the next year as the banking company prepares for the retirement of a key officer.

The moves, which would shift several executives between the bank's London headquarters and Hong Kong, its biggest profit center, are designed to strengthen management as John Gray, the chairman and chief executive of its Hongkong & Shanghai Banking Corp. unit, prepares to retire in May 1996.

"All of these people have spent their lives within the Hongkong Bank group," said John Bond, HSBC's chief executive. "This will be the team that leads us into the next century."

Some analysts, however, saw the moves as a lost opportunity for the huge banking concern to prepare for the beginning of Chinese governance of Hong Kong in 1997.

Mike Tippitt, an analyst at the brokerage S.G. Warburg in London, said: "It seems to be a lot of long-term HSBCers moving around with very little new blood and little evidence of ethnic Chinese at a senior level."

HSBC, which split the roles of chief executive and chairman when it moved its headquarters from the territory to London in 1993, will divide those positions at Hongkong Bank when Mr. Gray, 60, retires after more than 40 years with the bank.

John Strickland, 55, executive director of HSBC in London, will become chairman of Hongkong Bank on Jan. 1, 1996. He has been with the bank since 1966.

David Eldon, 49, executive director of HSBC's international operations, will become chief

executive of Hongkong Bank while Paul Selway-Swift, 55, Hongkong Bank's executive director for Hong Kong and China, will move to London in Jan. 1996 to become chairman of HSBC Investment Bank.

HSBC, known in Hong Kong simply as "The Bank" because of its stature within the financial community, is in the process of linking two of its investment units — the London-based Samuel Montagu & Co. and the Asian investment house Wardley Holdings Ltd. — into a global investment entity.

Mr. Selway-Swift's move to London, which he requested, was designed to speed that transition, said Mr. Bond.

Chris Langley, 50, will become general manager of Hongkong Bank for the colony and China beginning in November.

Hutchison Hints at Plans Hutchison Whampoa Ltd., the conglomerate controlled by the financier Li Ka-shing, lifted the veil Tuesday on a fraction of its \$450 million plan to compete with Hong Kong Telecom in the territory's domestic telecommunications market, Reuters reported from Hong Kong.

Personalized phone numbers that last a lifetime, high-technology systems for large businesses and competitive rates form the basis of Hutchison's competitive strategy, said Patricia Leung, its managing director. She refused to give further details on the company's strategy.

Hong Kong Telecom, which is 57.5 percent owned by Cable & Wireless PLC of Britain, will lose its 20-year monopoly on domestic fixed telecommunications on July 1, opening the market up to competitors.

Strong Yen Hurts Pioneer's Earnings

Compiled by Our Staff From Dispatches

TOKYO — Pioneer Electronics Corp. said Tuesday that the strong yen and losses at its U.S. entertainment divisions weighed in the group's profit to plunge in the year to March.

The conglomerate earned a pretax 2.8 billion yen (\$32 million) in 1994-95, down from 9.5 billion yen in the previous year. Sales were nearly flat at 599.8 billion yen, with the strong Japanese currency eating into profit margins.

Pioneer's results were hurt by a one-time charge of 8.94 billion yen in connection with investments in Caroleo Pictures Inc., a distributor affiliated with Caroleo. The Hollywood studio, which reported a loss of \$43 million last year, has said it is considering bankruptcy protection.

Pioneer has pumped \$175 million into the affiliates since it acquired them five years ago. To combat the high yen, Pioneer said it plans to expand production overseas and to procure more parts from other countries. But analysts said Pioneer's plans to move production lagged its competitors.

"They're struggling now to put production offshore, but it's going to take them time to do that," said Barry Dargan, an electronics industry analyst at S.G. Warburg & Co. in Tokyo. "In the meantime they're going to suffer losses."

Pioneer seemed to concur, forecasting a loss of 4.7 billion yen for the parent company in the year to March 1996. The parent company, which does

not include results from any subsidiaries, posted a profit of 652 million yen in the 1994-95 year, down from 1.65 billion yen in the year-ago period.

Meanwhile, Victor Co. of Japan, or JVC, said it returned to profit in the year to March, breaking a three-year string of losses, as sales increased and its U.S. entertainment divisions produced some hit movies.

JVC's group profit was 5.24 billion yen in the year, reversing a loss of 26.81 billion yen in the previous year. Sales rose to 767.2 billion yen from 726.6 billion yen.

JVC's entertainment division posted an operating profit of 7.8 billion yen, up from 1.5 billion yen the previous year. That partly offset operating losses of 8.8 billion yen in the audio visual and information sectors.

Also on Tuesday, TDK Corp. said its group profit jumped 73 percent in the year to March, to 30.8 billion yen, as worldwide sales rose 6 percent, to 485 billion yen.

AFK, AFP, Bloomberg

Japan Recovery Slowing Japan's central bank on Tuesday downgraded its assessment of the nation's economic health, saying Japan was experiencing a "very moderate" recovery, Bloomberg Business News reported.

The central bank had characterized Japan's economic recovery as "moderate" before its monthly economic report released Tuesday. The Bank of Japan also said it would closely monitor exchange rates and their influence on the economy.

Indonesia Cuts Tariffs Broadly In Economic Plan

Reuters

JAKARTA — Indonesia unveiled an economic deregulation package Tuesday designed to boost its international competitiveness, mainly through extensive cuts in tariffs.

The economic coordinating minister, Saleh Afiff, said the measures, which included cuts in tariffs on 6,030 items, were designed to increase the role and efficiency of the private sector.

The tariff cuts will extend to such items as newsprint, textile products, plastics, soybeans, sunflower-seed oil, sawn timber and automotive parts.

Not many details were provided, and some economists characterized the package as vague and less bold than they had hoped for.

The package also removed 10 sectors from the so-called negative investment list, a list of sectors closed to foreign investment or to all private investment.

It Took Two to Build This Wall Both Sides Create Problems for U.S. Cars in Japan

By Andrew Pollack
New York Times Service

TOKYO — Yutaka Kobayashi's automobile showroom in the Tokyo suburb of Chiba switched in November from selling Toyotas to Fords. In the six months since then, he has sold 45 vehicles — what a Toyota dealer typically sells in one month.

But Mr. Kobayashi's parent company, a huge Toyota dealer, saddled him with a handicap. The showroom it assigned him is in such an out-of-the-way location that when it was used to sell Corollas the company did not even bother to station a salesman there.

The difficulties that American car makers have in selling their vehicles in Japan have been a focus of the trade dispute that prompted the United States to declare 100 percent import tariffs on 13 models of Japanese luxury cars.

Washington says Japanese automobile dealers are restricted from carrying American cars because of their close relationships with Japanese car manufacturers. Japan responds that auto dealers are independent businessmen and that the reason so few of them carry American cars is that Detroit's products are ill-suited to the Japanese market.

Visits to two car dealers that have begun offering American cars in the last year — the Toyota dealer in Chiba and a Nissan dealer in western Tokyo — showed there was some truth to both accounts.

American cars generally do not sell well in Japan, so a dealer can expect two or three years of losses before there is any hope of profit. Even after dealers decide to take on foreign cars, their ties to Japan's automakers seem to prevent them from putting their best efforts into selling the imported vehicles.

"We are in a way Nissan employees, so it's rather hard to aggressively sell cars that compete against Nissan cars," said Yasutaka Ohta, a manager at Ford Tachibana in western Tokyo. Ford Tachibana was set up a year ago by Tokyo Nissan, a huge dealer that is one-quarter owned by Nissan Motor Co. "Emotionally, we still have the feeling that we hope the customers will buy Nissan," Mr. Ohta said.

One obstacle, for instance, is that Nissan and Toyota Motor Corp. pressed the dealers to set up separate showrooms for the Fords rather than sell them alongside the Japanese cars. That makes it more costly for the dealers to take on a new brand.

"Toyota has been telling us we cannot mix Toyota cars and Ford cars," said Takashi Makino, general manager of Ford Chiba, the branch of the Toyota dealer that sells Fords. In showrooms where both brands are sold, Toyota has been insisting that the company build a wall to separate them, he said.

Another obstacle is that both Mr. Kobayashi's and Mr. Ohta's dealerships are reluctant to sell the smallest, least

expensive Ford Motor Co. models, which might attract the broadest audience. That is because these vehicles are made by Mazda Motor Corp., a Japanese rival of Toyota and Nissan.

Yet another problem is that the dealerships do not have access to the records of the customers they had when they were selling Toyotas and Nissans. When Ford Tachibana switched to selling Fords, all records of existing customers were given to other Tokyo Nissan dealers and all

If the way dealers do business in Japan presents obstacles to sales of U.S. vehicles, so do some features of the American cars themselves.

salesmen were replaced by a new crew with no knowledge of the neighborhood.

In Japan, dealers often sell cars by visiting their regular customers at their homes. Without such records, Ford Tachibana and Ford Chiba have to start from scratch and wait for customers to come to the showroom.

But if the way the dealers do business presents obstacles, so do the cars themselves. American cars still have a reputation in Japan for poor quality and for being large, expensive and inefficient with fuel, the dealers said.

Indeed, they said, the cars are inferior to Japanese cars in the fit and finish — the doors do not close as snugly, for instance — giving fastidious Japanese consumers the impression that the cars are less well made than domestic competitors.

"We have to explain the weak points of American cars before they buy, by saying the American view toward cars is different from the Japanese view," Mr. Kobayashi said in his showroom decked with American and Japanese flags. They said, however, that customers who had purchased the Fords had not had major problems.

Toshio Nakano, the president of Ford Tachibana, said the biggest problem was that most Fords had steering wheels on the left instead of on the right as Japanese cars do. The exceptions are the Probe, a sporty car that does not have wide appeal, and the Mondeo. But the Mondeo uses premium gasoline, a drawback in a country where gas costs three to four times as much as it does in the United States.

Moreover, Ford's cars do not have retractable side-view mirrors, which many customers want because they park in tight spaces.

How well Ford Chiba and Ford Tachibana do with their Fords could help determine how many other Japanese dealers will sell American cars. Already, some executives are saying the problems

of these two dealers indicate that American cars cannot sell in Japan.

"If the dealer selling Fords in Chiba is making money, others will get on the bandwagon," said Hiroshi Okuda, a Toyota executive. "With this exchange rate, the American cars should look very reasonable and cheap. The Japanese dealers should be jumping at them, but this doesn't seem to be happening."

Konen Suzuki, the president of Ford Japan, replied that it took time for new dealers to turn a profit and that dealers who had been carrying Fords a long time were making "huge profits."

Neither Ford Tachibana nor Ford Chiba is making any money yet. In the ruptured trade talks, the United States argued that one reason Japanese manufacturers succeeded in the American market is that American dealers sold Corollas and Accords alongside their Chevrolets and Dodges.

Washington contended that, given high real estate prices in Japan, it was prohibitively expensive for American companies to set up their own dealership networks, so they had to rely on the Japanese dealers.

But Japanese officials counter that some European carmakers, such as Bayerische Motoren Werke AG and Volvo AB, took the trouble in the 1980s to set up their own dealer networks and have done fairly well in Japan. The European companies also offer smaller cars and many more models with the steering wheel on the right than do the American Big Three.

About 182,000 cars and trucks imported from Europe were sold in Japan last year, compared with 34,000 from the major U.S. companies' factories. Still, European cars in 1994 held less than 3 percent of the Japanese motor-vehicle market.

Despite Washington's aggressive posture, only Ford among the U.S. Big Three is aggressively seeking dual dealerships through which to sell its Taurus sedans and station wagons, as well as its Mustangs, Mondeos and Explorers. Mr. Suzuki said the company had so far persuaded 17 Japanese dealers, mostly Mazda and Nissan dealers, to sell Fords through 26 outlets.

General Motors Corp. has been selling almost exclusively through Yanase & Co., a dealership that specializes in foreign cars. Chrysler Corp. has been selling Jeeps through some Honda dealers and through Seibu, a dealership that specializes in foreign cars. A Chrysler spokesman said the company planned to begin trying to recruit Japanese dealers soon.

One question raised by the experience of Ford Tachibana and Ford Chiba is this: If Japanese dealers have such close ties to Japanese manufacturers that it is hard to recruit them, then is it wise for an American auto company to rely on them for sales? Is that not entrusting sales to a competitor?

Mr. Suzuki of Ford Japan said he was sure the new dealers would become loyal to Ford after a year or two.

Investor's Asia

| Hong Kong Hang Seng | Singapore Straits Times | Tokyo Nikkei 225 |
|---------------------------|-------------------------|------------------|
| 10000 | 2400 | 20000 |
| 9000 | 2300 | 19000 |
| 8000 | 2200 | 18000 |
| 7000 | 2100 | 17000 |
| 1994 | 1994 | 1994 |
| Exchange Index | Tuesday Close | Prev. Close |
| Hong Kong Hang Seng | 9,302.86 | 9,058.74 |
| Singapore Straits Times | 2,181.08 | 2,150.39 |
| Sydney All Ordinaries | 2,034.00 | 2,008.30 |
| Tokyo Nikkei 225 | 15,916.15 | 15,789.12 |
| Kuala Lumpur Composite | 1,024.91 | 1,009.46 |
| Bangkok SET | 1,380.07 | 1,316.41 |
| Seoul Composite Index | 856.89 | 864.13 |
| Taipei Stock Market Index | 5,705.03 | 5,705.50 |
| Manila PSE | 2,748.33 | 2,704.85 |
| Jakarta Composite Index | 470.77 | 461.39 |
| Wellington NZSE-40 | 2,124.88 | 2,118.69 |
| Bombay Sensitive Index | 3,250.12 | 3,219.30 |
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| | | +2.03 |
| | | +0.29 |
| | | +0.96 |

Source: Telekurs

International Herald Tribune

Very briefly:

• Daewoo Corp. has applied for approval to build an industrial complex worth up to \$1.43 billion in Vietnam; if approved, the project would be by far the largest foreign investment in Vietnam since the war.

• Sharp Corp. is to establish its first research center in the United States in Camas, Washington; the laboratory will focus on digital image processing and other multimedia work.

• The South China Morning Post, Hong Kong's largest English-language newspaper, is to lay off 10 percent of its news staff and combine its daily and Sunday papers into one operation; the paper is controlled by the Malaysian businessman Robert Kuok.

• Parkway Holdings Ltd. of Singapore has offered to buy the Asian and Australian health-care operations of Tetra Healthcare Corp. of the United States; the companies have not signed a deal.

• Shanghai's benchmark stock index fell 17 percent Tuesday, its first decline in five days, on news that the government was determined to root out speculation in the market.

• Thailand is emerging as one of Asia's leading financial markets because of deregulation, changing savings patterns and robust demand for nonbank fund sources, Lehman Brothers said.

• Siam Motors Group has sold its controlling stake in Siam Yamaha Co., the Thai assembler of Yamaha motorcycles, to KPN Group for about 1 billion baht (\$40 million). **AFP, AP, Bloomberg, NYT, Reuters**

Malaysia Plans to Curb Credit

Bloomberg Business News

KUALA LUMPUR — Malaysia's government, unwilling to raise interest rates, will launch credit controls Wednesday to try to head off inflation.

The measures, to be announced by Finance Minister Anwar Ibrahim, may seek to discourage borrowing specifically for automobile or property purchases, analysts said.

Analysts expect something similar to the credit controls put in place in 1991, when con-

cern about inflation led the government to limit financing on new cars to 75 percent of the purchase price.

Economists said credit controls would be the correct medicine for Malaysia's economy, as raising interest rates now would do more harm than good.

While growth in the consumer price index slowed to 3.2 percent in the first quarter of 1995 from 3.7 percent in 1994, many economists expect the rate to rise this year.

Hyundai to Build Major U.S. Chip Plant

Compiled by Our Staff From Dispatches

SEOUL — Hyundai Electronics Industries Co. said Tuesday that it would build a \$1.3 billion plant to make memory chips in Oregon, South Korea's largest direct overseas investment project.

The company also called the project the world's largest semiconductor factory.

The company said it expected sales from the U.S. plant to reach \$1.69 billion by 2000, although analysts expressed some doubt about its profit targets.

The unit of Hyundai Corp. said it was building the plant in Eugene, the home of the University of Oregon, to help it penetrate the U.S. market. Hyundai said the United States already took about 34 percent of its semiconductor exports.

The plant will be able to process 30,000 eight-inch silicon wafers a month and initially to manufacture 16-megabit and 64-megabit dynamic random-access memory chips, the company said.

Hyundai Electronics Chairman Chung Mong Hun said an

American location had been chosen for the plant not only because the U.S. market was the largest in the world but also because America had the most advanced chip-making technology.

In choosing among four U.S. sites, he added, "We also took into account offers of tax favors by the state and city governments." He did not give details of the tax breaks.

Construction of the plant, which will employ about 1,000 people, is to begin in August, with a goal of beginning chip production by March 1997, Mr. Chung said.

Industry analysts in Seoul, while acknowledging that the plan would enhance Hyundai's international competitiveness, expressed some doubts about it as well.

Others, however, said Hyundai's move would probably be copied by other semiconductor makers. Samsung Electronics Co., the world's largest semiconductor maker, has already announced plans to build semiconductor plants in the United States, Europe and Southeast Asia within a few

years, with an estimated investment of at least \$3 billion.

A Hyundai spokesman said the project should be considered not only in terms of profitability but in view of the changing world trade environment.

"Our project will ultimately contribute to countering increasing regulations over sales of foreign-made goods in the United States," he said.

(Reuters, Bloomberg)

Kyocera Rises Above Yen Kyocera Corp., overcoming the yen's strength, said its profit jumped in the year ended in March and predicted record earnings for the current financial year, news agencies reported from Tokyo.

(Bloomberg, Reuters)

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Shareholders are hereby informed that an extraordinary shareholder's meeting of FL TRUST SWITZERLAND (the "Company") held on April 18, 1995, with the agenda set out in the notice dated March 28, 1995, approved the suggested amendments to the Articles of Association of the Company. Upon such approval a new Prospectus of the Company has been issued and is available upon request at the registered office of the Company in Luxembourg, at FERRIER LULLIN & CIE S.A., 15, rue Pelletier, CH - 1211 Geneva 11, at SWISS BANK CORPORATION, One Exchange Square, 25th Floor, 8, Cananagh Place, Hong Kong, at BANQUE PALLAS STERN, 61, avenue de Monceau, F - 75008 Paris, and at CREDIT GENERAL DE BANQUE S.A., 5, Grand-Place, B - 1000 Bruxelles. Also available upon request at the above addresses is a letter from the Company to shareholders explaining the major changes made to the Prospectus of the Company which include the possibility to enter into repurchase agreements, to limit redemptions in 10% of the outstanding shares for any Valuation Date and amendments to the investment restrictions. These changes will only apply after six weeks after the date of publication of this notice. The above documents may also be requested by telephone by calling the registered office of the Fund in Luxembourg, phone number (352) 25.47.47.

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Multitalented Australia May Be Rugby World Cup's Once and Future King

By Ian Thomson
International Herald Tribune

CAPE TOWN — It is a collision of 16 countries meeting 32 times over the next long month, yet the Rugby World Cup may well be decided in its first hours Thursday. The defending champion Australia takes on South Africa just after the opening ceremonies. They may be the best teams here, given one's home field advantage. For the winner it's a clear path to the final; for the loser, a hole maybe six feet under.

"Most people see it as being worthy of a semifinal, so for it to be an opening match is unfortunate in some ways," said the Australian coach, Bob Dwyer. "They want to establish a tradition of the defending champion playing the host in the first match, but in practice you end up with two good sides playing in one pool. It's going to be a tough match, a real cruncher."

The losers of Thursday's match will be left with a likely quarterfinal against England, followed by a semifinal with the 1987 champion, New Zealand. If they intend to win the final, it will mean beating three of the world's toughest opponents in 15 days.

Judging by talent, the losers ought to be the South Africans, making their World Cup debut following the 1992 lifting of the international sports boycott brought on by apartheid. It will be no easy opening number for them — they'll have to play as if they never were away. Their public seems to be expecting as much. It is as if the people believe their will can drive the shyness out of the South African players, who otherwise are still learning how to act on such a large stage. The public may be right; either that or their pressure may be burying.

"What they lost during the boycott was a basis of relativity," Dwyer said. "You

can think you're actually playing well in internal matches if they're all close, but really all that shows is that the teams are equal. They might be equally bad. Or, as it was in their case, they were equally average."

Only while being clobbered at home by New Zealand and Australia in 1992 did they realize how much the game — their game, the power game of white South Africans — had changed around the world in their absence. They have caught up remarkably well, said Dwyer. They are dominant now in the back, rather than up front. But the team is still all white. Chester Williams would have been the lone black man on the team — and maybe the best player — if not for a recent injury, and he might still appear if a spot opens through injury. Something much larger than rugby will be at work throughout the next month, beginning Wednesday when players who seem to represent the old

guard will be addressed privately by President Nelson Mandela in what the team's manager, Morné du Plessis, predicts will be a "massive psychological stimulation."

Though an additional year might have helped even more.

No team can match Australia for talent: led by David Campese, the world's top try-scorer and hero of the last World Cup, the Wallabies are fast, witty and relaxed. Center Tim Horan has recovered from a terrific knee injury, but the team is so deep that the coach sees no sense in risking Horan for this most important game. Australia has played only two Tests in the last nine months, an unconvincing pair of victories against Argentina within the last three weeks; while South Africa has won five Tests since September. Yet Dwyer will be content to let his players battle for their positions throughout the tournament; while South Africa is hoping that the sheer energy and drama of hosting the con-

dition's largest sporting event, lifted with the tide of enormous change, will help to fill in the bare spots of talent and experience.

All of which has left the other Southern Hemisphere challenger practically unnoticed. Albeit New Zealand has yet to recover the form of its unbeaten run from 1987 to 1990. Coach Laurie Mains has been sacrificing recent Tests in order to try a variety of strategies, believing that the All Blacks will have to adapt their game of half-retention depending on the opponent in the latter stages.

The draw is a good one for the All Blacks, who shouldn't be troubled by Pool C colleagues Ireland, Wales or Japan in the first round, and they should get by a likely quarterfinal with Scotland. From there, however, a lack of height may haunt New Zealand in the lineouts, especially against England or Australia.

In Pool B, which should be dominated

by England, the 1991 darlings from Western Samoa may not be able to beat Argentina (or Italy, for that matter) for second place and a spot in the quarterfinals. Since their surprise advancement to the 1991 quarterfinals, the Samoans have suffered defections to Rugby League and to New Zealand. There is the only group from which any team could make the next round.

In past World Cups Japan has succeeded in beating only Zimbabwe — but this time it shares Pool C with suffering Ireland and Wales. A little hope there. Tonga could give Scotland a race for second place in Pool D, where Côte d'Ivoire also resides. No victories are expected from the latter, though 14 of its players compete in the French first division. Côte d'Ivoire's triumph was in becoming the first black African nation to qualify for the World Cup, an achievement appreciated by the majority of its hosts this month.

Rockets Top Spurs On Their Last Shot

Compiled by Our Staff From Dispatches

SAN ANTONIO — Robert Horry almost ran the clock out as he stood there with the ball. He didn't shoot until someone on his bench yelled, "Hurry!"

But, another game, another hero for the Houston Rockets.

After a night of misfiring, fouls and frustration in round one of the battle for Texas, Horry made his only basket of the game and the Rockets had a 94-93 victory over the San Antonio Spurs on Monday evening.

The improbable Rockets, playing their 11th game in 20 days, took a 1-0 lead in the best-of-7 Western Conference finals and stole the home-court advantage from the Spurs, who had the best record in the NBA.

"Our battle cry right now is stay humble and stay hungry," said Coach Rudy Tomjanovich. The Rockets went more than two minutes without a field goal until Horry, who was 0-for-4 to

that point, sank the open 18-footer with 6.5 seconds to play. "We swung it to the open man, just like we have all season," Horry said. "I was surprised I was so open."

Sean Elliott, who led the Spurs with 24 points, missed two free throws with 26.6 seconds to go and his shot from the lane with two seconds to go bounced off the rim.

David Robinson was 1-for-11 from the field through three

NBA PLAYOFFS

quarters but scored 12 in the final period. However, he missed 1 of 2 free throws with 46 seconds left.

Hakeem Olajuwon got 27 despite late foul trouble. Clyde Drexler added 25 and 12 rebounds. Robinson got 21 points, his fewest in this year's playoffs.

[Robinson did win the NBA's most valuable player award, the league announced Tuesday. He got 73 first-place votes and 901 points, while Shaquille O'Neal of Orlando got 12 firsts and 605 points from a nationwide panel of sports writers and broadcasters.]

[Utah's Karl Malone was third, followed by New York's Patrick Ewing, Olajuwon, Charles Barkley of Phoenix, Chicago's Scottie Pippen and Utah's John Stockton.]

Dennis Rodman had another strong game off the boards with 20 rebounds, but again proved how temperamental he can be. Several times he removed himself from San Antonio huddles, and was absent the last two with the game on the line.

When the Spurs took the floor for their final shot, Rodman and his tequila sunrise colored head were not on the court. Coach Bob Hill said it was strategy, not discipline, that sent Rodman to the bench. "Dennis was not a distraction tonight in any way, shape or form, and please print that," Hill said.

No team led by more than nine as first the Rockets, then the Spurs, then the Rockets would put together a surge. Sam Cassell's two free throws tied it 92-92 with 1:41 to go, then came the futility from both sides. Clyde Drexler missed with a layup. Robinson made 1-of-2 free throws to give San Antonio its 93-92 lead. Doc Rivers knocked the ball away from Olajuwon and Elliott was fouled as he drove to the basket. But a 79 percent free throw shooter in the first nine playoff games, he missed both.

"The Rockets are the team that won't die," Elliott had said before tip-off. "They are scary. They're like bad in-laws: they won't go away." (AP, NYT)

SIDELINES

South Korea Gets 2002 Asian Games

SEOUL (AP) — Pusan, a port city in the south of this country, was overwhelmingly selected Tuesday by the general assembly of the Olympic Council of Asia to stage the 2002 Asian Games, but in a vote that drew angry criticism from rival bidder Taiwan.

Taiwanese delegates protested that a last-minute change from a secret ballot to a show of hands had been under pressure from China. It had threatened to boycott the 2002 games if Taiwan's port city of Kaohsiung was selected.

• The IAAF's Council recommended Tuesday, to "standardize" international sanctions, a reduction from four years to "a minimum of two years" the ban for athletes who fail tests for steroids and amphetamines the first time. The change must be ratified by the IAAF Congress.

(Reuters)

Langer Ousts Lyle in Match Play

MADRID (AP) — Bernhard Langer, Jesper Parnevik, Seve Ballesteros and Barry Lane moved into the semifinals of the European leg of the World Championship of Golf on Tuesday.

In the match-play event, Langer won 3 and 2, over Sandy Lyle; Parnevik defeated David Gilford, 2 and 1; Ballesteros beat Miguel Angel Jimenez, 3 and 2, and Lane defeated Sam Torrance, 2 and 1.

• Ben Hogan, 82, was released from a hospital in Fort Worth, Texas, 15 days after emergency surgery on a colon tumor.

Charges Filed in Gerulatis's Death

RIVERHEAD, New York (AP) — Recreational Concepts of Sag Harbor had Bart Torpey, a mechanic employed by the pool-heating company, pleaded innocent Tuesday to criminally negligent homicide in the death of retired tennis star Vitas Gerulaitis. Gerulaitis, 40, was found dead of carbon monoxide poisoning last Sept. 18 in a guest cottage near a pool on the estate of a friend, Martin Raynes.

European Cup Final: The Stage for a World of Fine Talent

International Herald Tribune

VIENNA — Sometimes sport rises above commerce to become an expression, a mirror, of life. This is now reflected in two places, South Africa, formerly the stronghold of apartheid, being one. It is hosting the 16-nation World Rugby Cup, which it could never have done until the Mandela government.

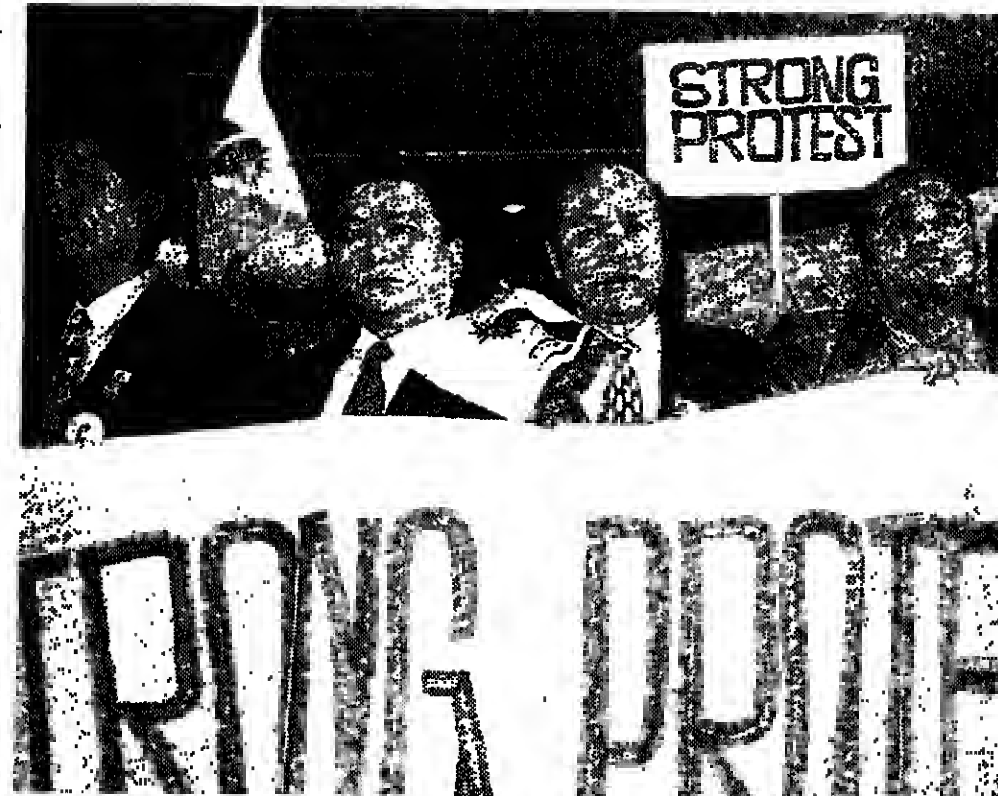
The other place? Vienna, where on Wednesday night Ajax Amsterdam plays A.C. Milan for soccer's European Cup. It promises to be a class act in a classical city, an explosion of talents from the world's two most accomplished club teams.

They represent the extremes: Ajax, the most successful school-ground soccer has known; Milan the team that throws unrivaled amounts of money into buying success.

When they line up to the strident "Champions' League" anthem, I shall focus on the tall, solemn figure of Franklin Edmund Rijkaard. For if ever an athlete personifies an occasion, it is Rijkaard. He chooses this night to retire, at 32. He has rested his limbs and cleared his mind specifically for this last encounter between the two clubs which have been his life.

An Amsterdamer with Surinam antecedents, he was, as many are, plucked from the streets to be taught the Ajax way. Then, near the pinnacle of sporting manhood, Milan purchased him.

He was part of the Dutch trio — Rijkaard, Marco van Basten, Rens van der Grinten — in Milan's finest side that reached the final of this same, omnipotent European competition three times. Rijkaard, partly because he was so versatile, partly because the limelight was no friend of his, and partly because Milan shackled him, to defense, was the least sung.



Taiwan's delegates made their displeasure evident after South Korea was awarded the Asian Games. They were also upset that the IOC's president, Juan Antonio Samaranch, had remarked before the vote, "Problems should be resolved rather than being created."

But the three Dutchmen transformed Silvio Berlusconi's money machine. They impressed, on a squad that already possessed Italy's most influential leader, Franco Barresi, a belief that the game is a player's game, not a coach's, not a president's, not even the audience's.

The Dutch play hard. They play for money. Yet Rijkaard's play exudes liberation. He accepts team work, he performs within the set plan, but he does it in his own time, his own way. This Sinatra of the playing fields was, even more than Gullit (and alas van Basten, whose wrecked ankles tore chunks out of his career), the player Berlusconi begged to stay.

Nothing doing. Rijkaard decided that, after the 1993 European finale, he had reaped enough lira. He wanted to enjoy the game without the goldfish bowl intensity of Italy. I listened to him then and misguidedly assessed him as a spent, satiated competitor, looking for a sinecure.

But Rijkaard, together with Danny Blind, are the "old men" around whom the increasingly younger Amsterdam fledglings learn their trade. The team bloods 17-year-olds as if the European arena is a kindergarten. They come off the conveyor belt from a scouting system that enshrines the Ajax principle in the word *talentdragen*, or talent time. This is when boys flock to the nursery fields hoping to catch the eyes of the Ajax scouts.

Wednesday's team may contain seven Amsterdamers under the age of 25. Edgar Davids, Clarence Seedorf and Patrick Kluivert are three muscular, gifted prodigies waiting to see if they make Louis van Gaal's team.

The coach has a surfeit of riches. He can sell some of his progeny to Italy any time he chooses. Earlier in the season, Ajax

beat Milan home and away by the score of 2-0, showing its potential to clubs that buy rather than groom talent.

At Ajax it is an accepted reality of sport's short cycle that youngsters are schooled, in every sense of the word, and some are then sold to perpetuate the system and to pay for a magnificent new stadium, replete with training establishment, that will be ready in the heart of Amsterdam in 1996.

The boys are the past, present and future. Yet even Amsterdam, with its street-wise hopefuls, is not an exclusive enclave. Wednesday's team will likely include Nwankwo Kanu, an 18-year-old center-forward of basketball size and build, whose ability was spotted while the Ajax youth team was touring in Nigeria. Another Nigerian, George Femi, plays on the right wing. And a Finn, Jari Litmanen, strikes from midfield.

SO AJAX, TOO, buys. But mostly it educates, and its present head coach, van Gaal, was, significantly, the youth coach six years ago. His credo is so simple, and almost so unique, that it takes the breath away: All Ajax boys learn to master the ball. An obvious lesson, but not often carried through.

They get onto the team provided their educational grades meet expectation. They learn a team pattern — three defenders, four mobile midfielders, three attackers — that becomes automatic from youth team to senior professionals.

So far this season Ajax has not been extended sufficiently for us to know how good this team is. Certainly the defense is weaker than the attack, yet, for an hour against Bayern Munich in the semifinal, the interplay, the swiftness, the joy of Ajax was so overwhelming that the score reached 4-1 and could have been 7-1.

Milan also found the change of pace, the acceleration through gears as smooth as a Ferrari's, difficult to cope with. However that was Milan in the doldrums of mid-season. Now, reaching its fifth European Cup pinnacle in seven years, it has begun to recapture the surety of touch, the application of experience, the confidence that made it the outstanding side in the world.

Alongside the aging Barresi, Paolo Maldini is Italy's outstanding defender. Dejan Savicevic is an imperious, if mercurial, playmaker; Zvonimir Boban, a Croat, is often his aide; Marcel Desailly, from France, is the anchorman.

The imports make it hard for a good Italian boy to make his mark. Gigi Lentini, for example, cost a world record \$16 million in 1992. His progress was blunted, almost killed, in a nasty car crash, since when Lentini's left wing skills have rarely blossomed.

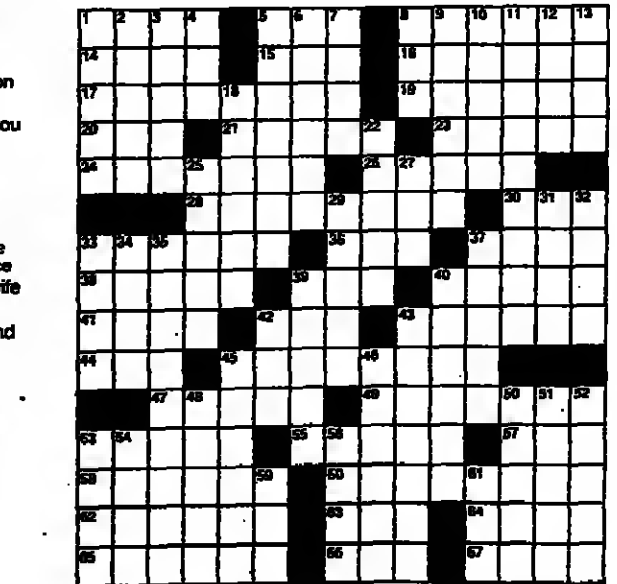
He might, just might, get a place in Vienna on the right of midfield, selected to play out of position because of another man's injury. Obviously, brightling counts for more in the Netherlands than in Italy. May the best team win.

Rob Hughes is on the staff of The Times.

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